

State of Utah



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2002

State Of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2002

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

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Olene S. Walker..... Lt. Governor
Auston G. Johnson, CPA..... State Auditor
Edward T. Alter, CPA..... State Treasurer
Mark L. Shurtleff..... Attorney General
L. Alma "Al" Mansell..... President of the Senate
Martin R. Stephens..... Speaker of the House
Christine M. Durham..... Chief Justice, Supreme Court

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Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.



State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2002

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State of Utah

Department of Administrative Services

Division of Finance

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Executive Director

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November 22, 2002

To the Citizens, Governor,
and Members of the Legislature
of the State of Utah:

It is our pleasure to present the 2002 Comprehensive Annual Financial Report of the State of Utah in accordance with Section 63A-3-204 of the *Utah Code*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP). We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

The Report. The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section contains a list of principal officials, this transmittal letter, and the state organization chart. The Financial Section contains the State Auditor's report; Management's Discussion and Analysis (MD&A); the Basic Financial Statements, which includes the government-wide financial statements and fund financial statements for governmental funds, proprietary funds, and fiduciary funds, together with notes to the Basic Financial Statements; Required Supplementary Information, which includes budgetary comparison schedules and information about infrastructure assets; and Supplementary Information, which includes combining financial statements and schedules for individual funds. The Statistical Section provides a history of selected financial and demographic information.

This report includes all funds of the State of Utah and includes all departments, agencies, and other organizational units governed by the Legislature and/or the constitutional officers of the State. In addition to these *primary government* activities, this report includes information related to component units that are financially accountable to the State. Although such information is provided in this report, the MD&A and Basic Financial Statements focus on the primary government and its activities. Separately issued financial statements are available from the significant discretely presented component units and should be read to obtain a better understanding of their financial conditions.

Management's Discussion and Analysis (MD&A). The discussion and analysis beginning on page 14 provides an overview and analysis of the State's Basic Financial Statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

Changes in Accounting Standards. The Governmental Accounting Standards Board issued new accounting and reporting standards that are effective beginning this year. These new standards have impacted the State's revenue and expenditure recognition and changed the way the State reports assets, liabilities, and fund equity. This report has been prepared using the new financial reporting model. Consequently, much of the information in this report is not comparable to prior years. Over time, however, the new reporting model will provide valuable information that will enable citizens and decision makers to better understand the long-term financial position of the State.

Internal Control. The State's systems of internal control over assets recorded in the accounting system have been designed to provide reasonable, but not absolute, assurance of safeguarding assets against loss from unauthorized use or disposition and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

Independent Auditors. In compliance with state statute, an annual financial audit of the "State Entity" is completed each year by the Utah State Auditor's Office in conjunction with other independent audit firms. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in

Government Auditing Standards issued by the Comptroller General of the United States. The State Auditor's report on the Basic Financial Statements is included in the Financial Section of this report.

Federal regulations also require the State to undergo an annual "Single Audit" in conformance with the Federal Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings, summary of prior audit findings, and recommendations, and the State Auditor's report, is issued in a separate report and will be available at a later date.

PROFILE OF THE GOVERNMENT

Structure. As shown in the organizational chart on page 10, state government is divided into three separate departments: legislative, executive, and judicial. The duties of each department are outlined in the *Constitution of Utah*, which can be amended only by a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government services provided to citizens include building and maintaining roads; providing public safety, health, and environmental protection services to protect the general welfare of the state's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

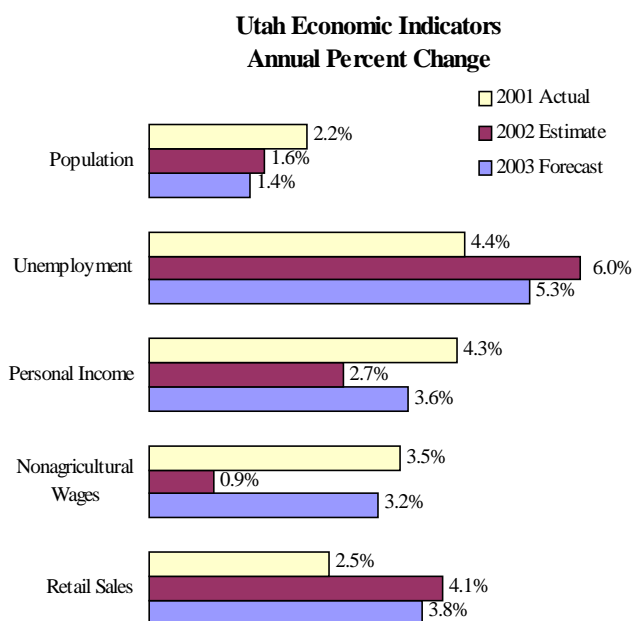
Budgetary Control. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget to the Legislature. The Legislature authorizes expenditures in the annual *Appropriations Acts*. The Acts also identify the sources of funding for budgeted expenditures. In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions, or he may call a special session of the Legislature to address budget issues. Adjustments to the budget may also be made throughout the year for changes in departmental or fund revenues so that departments and funds will not end the fiscal year in a deficit position.

Spending Limitations. As explained in the notes to Required Supplementary Information on page 101, the State has an appropriation limitation statute that limits the growth in state appropriations to relative increases in population, personal income, and inflation. The statute also caps the state-mandated property tax rate at the level set July 1, 1989. For the fiscal year ended June 30, 2002, the State was \$340.7 million below the appropriations limitation. The State is currently below the fiscal year 2003 appropriations limitation by \$294.1 million.

ECONOMIC CONDITIONS AND OUTLOOK

Economy. Nationally, corporate before-tax profits fell 14.3 percent in 2001 and are expected to fall another 1.2 percent through the end of 2002 as market signals continue to be mixed. The national unemployment rate is expected to remain near 6.0 percent for the next two years, up from 4.8 percent in 2001. Utah's economic indicators have mirrored these national trends, though the State seems to have fared better overall than most states across the nation.

In Utah, the unemployment rate is expected to reach 6.0 percent by the end of the year before falling to 5.3 percent in 2003. This is a significant change from last year's rate of 4.4 percent. With higher unemployment, growth in personal income and nonagricultural wages is expected to be a modest 3.6 percent and 3.2 percent, respectively, through the end of 2003. Also, retail sales are estimated to rise 4.1 percent in 2002 and 3.8 percent in 2003, nearly half the rates Utah saw during the past decade. Though consumer spending in Utah has remained steady through this period of declining growth, much of that spending has been for "big-ticket" items such as homes and automobiles, leaving consumers less disposable income for other consumable goods. Until the national markets show signs of steady improvement, Utah's economy will likely continue to struggle to gain ground.

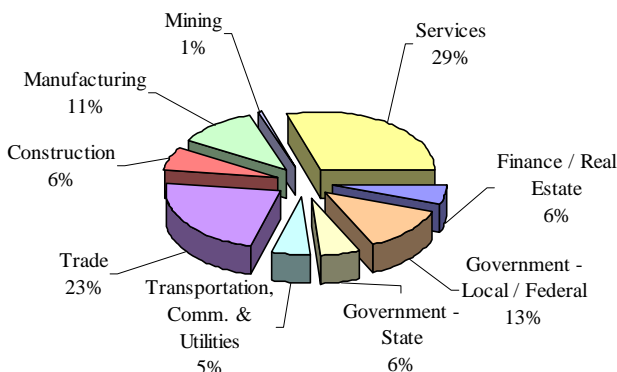


Source: Council of Economic Advisors

Industries. The number of nonfarm wage and salaried jobs fell 1.0 percent in 2002 but is expected to creep up 0.7 percent in 2003. Since October 2001, all industries in the State except services and government have suffered job losses. The most significant declines were in construction and mining at 8.8 percent and 5.3 percent, respectively. The contraction in construction was largely expected due to the pre-Olympic buildup that ended last year, but construction jobs as a percent of total nonfarm employment are still above that industry's 24-year average share. The largest labor sector, services, was held to only 0.5 percent growth as gains in personal services, amusement/recreation, management, and health services offset losses in computer, legal, and lodging services. Growth in government employment was entirely within federal and local positions, mostly due to the new school year adding jobs to local school districts. State government jobs have declined as a result of budget cuts and will likely see further reductions through 2003.

Outlook. While Utah's economy is expected to moderately decline or remain flat in the near term, the State's industrial structure continues to be well-balanced and diversified with a broad base of businesses and a solid technology and transportation infrastructure. Combined with a young and highly educated workforce, the State is positioned well for positive long-term economic growth.

**Components of Utah's Labor Force
October 2002**



MAJOR INITIATIVES

Education. With an expected influx of approximately 100,000 new students by the year 2010, a 20 percent increase, and absent new methods of funding that do not overtax our citizens, continued stagnation in the economy has the potential to severely impact funding that is available for education. With this in mind, the Governor and Legislature have instituted programs designed to make the State's education system more efficient with the limited resources it has, including more flexible block grant funding to local school districts and state-wide testing and feedback systems designed to hold schools and administrators accountable for the resources they receive.

High Tech High Schools. The Bill and Melinda Gates Foundation selected Utah for a \$3.5 million grant to help develop six New Century High Schools, commonly referred to as High Tech High Schools. These new schools will focus on technology, science, and engineering fields with small class sizes and limited internships. These schools have emerged as part of the State's efforts to double the number of math, computer science, and engineering students by 2005. Students of High Tech High Schools will graduate with a high school diploma and an associate's degree and either enter the labor market immediately or continue their education with other state-sponsored scholarships at Utah's colleges and universities. These new high schools are expected to locate in Logan, Ogden, Cedar City, Salt Lake, and the Provo-Orem area.

Economic Development in Rural Utah. Economic development in the State's rural communities is as crucial to Utah's economic recovery as revitalizing urban areas along the Wasatch Front. To this end, the Governor's Rural Partnership Office has implemented two programs to assist rural communities in planning for and realizing the opportunities of the new economy.

Utah Smart Sites. Smart Sites are facilities in rural Utah with high-speed internet bandwidth where a company employs trained workers to perform computer and technology-related services for clients anywhere in the world. Workers receive specialized training in basic technology skills that enable them to provide services such as web site development, database administration, data entry, software testing, and help desk support. Businesses participating in the program have access to resources such as special equipment lease rates, training funds, state job and investment tax credits, and matching funds for trade shows. Since the program began over a year ago, Smart Sites have created over 500 new jobs in Native American and rural communities including Roosevelt, Blanding, Kanab, Richfield, Mount Pleasant, Orangeville, and Fort Duchesne.

21st Century Communities. The challenge of the 21st Century Communities program is to prepare rural Utah for unprecedented population and visitor growth, create new jobs, reduce unemployment, diversify rural economies, and protect quality of life. Rural leaders who participate in the program are required to evaluate their area's unique strengths and opportunities by completing a number of community assessments that cover a variety of topics. The Governor's Rural Partnership Office provides tools and assistance to help communities through the process. Once completed, the assessments become a foundation for a unique workplan based on local priorities and capabilities. As soon as the community can demonstrate meaningful progress toward implementing its workplan, it is designated as a 21st Century Community. To date, the Governor's Office has awarded this designation to 15 rural cities and towns. Another 106 communities are in the process of completing their assessments and workplans.

E-Government. In an effort to make state government services more convenient to the public and more efficient internally, the Governor has set a goal of having all appropriate state government services online by 2004. Currently, the State offers over 100 services through its web site www.utah.gov. Following are examples of government services already available online:

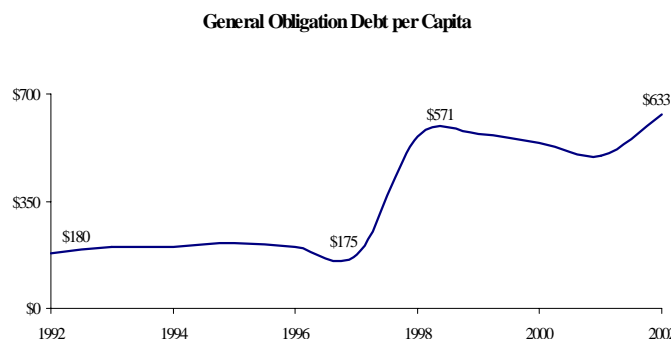
- *Employment* – file unemployment claims, search for jobs, search for employees, register new employers and employees, access unemployment tax rates, read about current economic conditions, compare wages locally and nationally, and download forms.
- *Taxes* – file returns and pay sales, income, and unemployment taxes; research tax laws; download forms; and pay local property taxes for a limited number of counties.
- *Business* – renew state business registrations and professional licenses; search UCC listings, agricultural liens, current professional license status, and business entity listings; make UCC filings online; and renew business licenses via links to local governments' web sites.
- *Driver and Vehicle Information* – renew driver licenses and vehicle registrations; search titles, liens, registrations, and driving records; and notify the Driver License Division of changes in address.
- *Health and Safety* – request copies of birth certificates, search the State's sex offender registry, find adoption and child care services in local communities, and download forms for welfare and food stamp assistance.
- *Recreation* – purchase hunting and fishing licenses, and make camping reservations at any Utah State Park.
- *Community* – register to vote, check local traffic conditions, search for individuals buried in public cemeteries, and link to local government web sites.

As the State provides more and more services online, the ability to access these services through faster connectivity becomes critical. The Chief Information Officer is currently working with private and public experts to find ways to encourage providers to offer universal broadband internet access to all areas of the State including the most remote rural communities.

FINANCIAL INFORMATION

Cash Management. As more fully explained in Notes 1, 3, and 4 to the Basic Financial Statements, cash is controlled by the State Treasurer or by other administrative bodies as specified by law, and investments are made in compliance with the State Money Management Act (*Utah Code*, Section 51–7). All cash deposited with the State Treasurer by state entities is managed in pooled investment funds to safeguard assets and to maximize interest earnings. The Treasurer invests the cash, including the cash float, in short-term securities and other investments such as certificates of deposit, obligations of the U.S. Treasury, commercial paper, and repurchase agreements. Certain investment pools may invest in corporate bonds and equity securities.

Debt Administration. Since fiscal year 1998 the State has issued \$1.19 billion of general obligation bonds for highway construction, mostly for rebuilding I-15 in Salt Lake County. The State has also issued \$316.39 million of general obligation bonds and \$175.01 million of lease revenue bonds for construction of capital facilities, a significant portion of which are located on the campuses of the State's colleges and universities. Finally, since fiscal year 1998, the State has refunded or advance refunded \$708 million of general obligation bonds and \$119 million of lease revenue bonds to take advantage of historically low interest rates. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements.



Risk Management. The State is self-insured against certain property and liability claims. The Legislature established the Risk Management Fund to pay for commercial insurance or to accumulate reserves for the self-insured portion of certain property and liability risks. Revenues are generated from premiums charged to state departments, institutions of higher education, and local school districts. The property self-insurance limits for fiscal year 2002 were \$1 million per claim, with an annual aggregate of \$2.5 million per policy year. Generally, claims over the self-insured limits are covered by policies with private insurance companies.

Pension Plans. Operations of the Utah Retirement Systems have continued with favorable results. The retirement systems and plans are actuarially sound, and the funding levels are managed to provide participants a financially sound retirement.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2001. This is the seventeenth consecutive year the State has received this award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. We are committed to this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

CONCLUSION

We hope this report provides data useful in evaluating the financial activity of the State of Utah. We express our appreciation to the budget and accounting officers throughout state government and to the State Auditor's Office for their dedicated efforts in assisting us in the preparation of this report.

Sincerely,

A handwritten signature in black ink, reading "Kim S. Thorne". The signature is fluid and cursive, with the first name "Kim" and last name "Thorne" clearly legible.

Kim S. Thorne, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

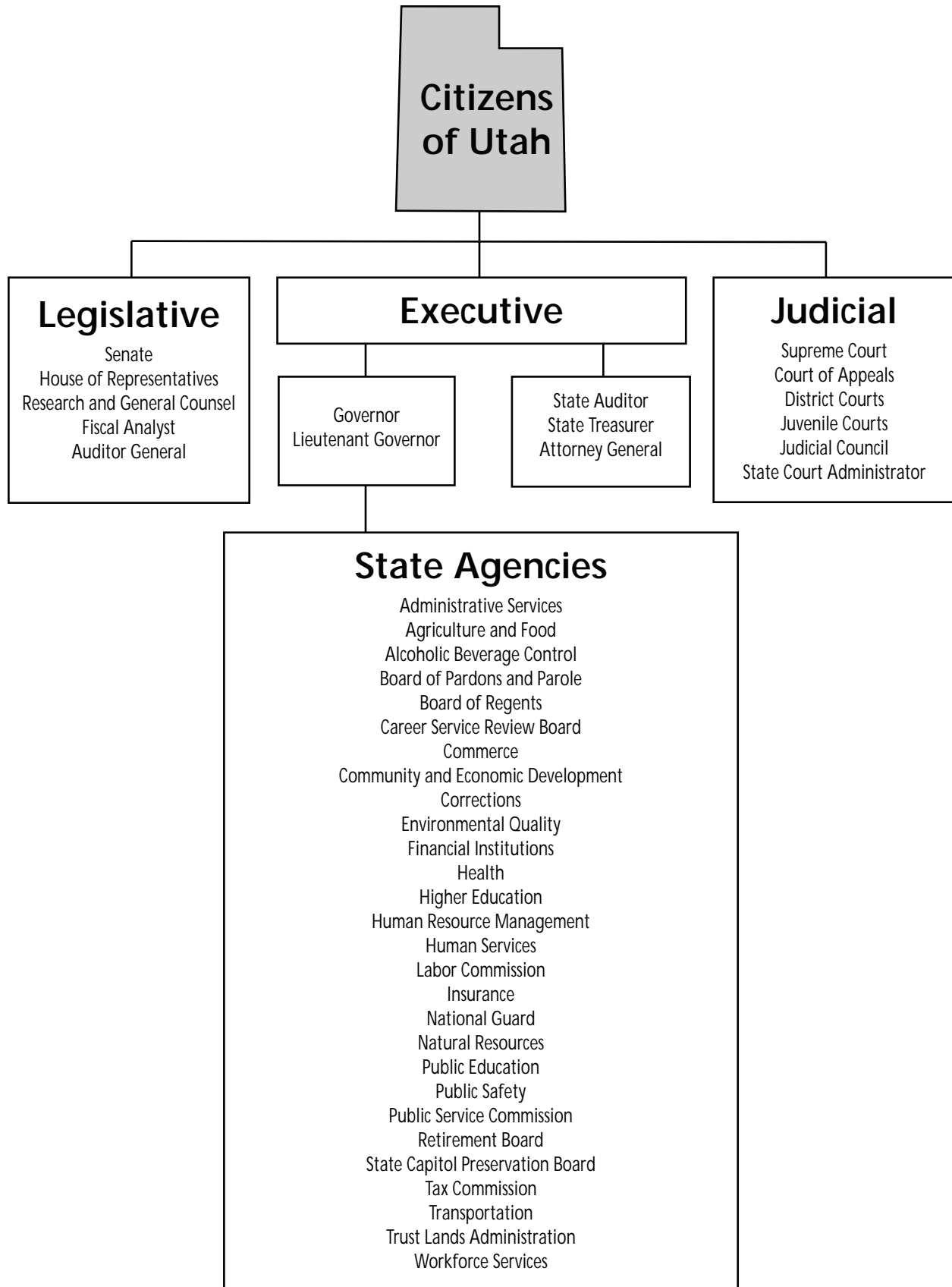
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



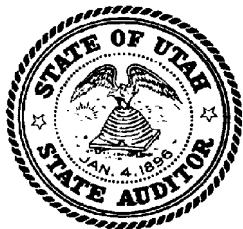
Timothy D. Dwyer
President

Jeffrey L. Esser
Executive Director

State of Utah Organization Chart



FINANCIAL SECTION



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INDEPENDENT STATE AUDITOR'S REPORT

To the Members of the Legislature
of the State of Utah and
The Honorable Michael O. Leavitt
Governor, State of Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of and for the year ended June 30, 2002, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Utah Housing Corporation; Utah State University; Utah Valley State College; the University of Utah's hospital and component units; portions of the Utah College of Applied Technology; Utah Public Employees Group Insurance; the Dairy Commission; and the Utah State Retirement Office, which represent 53 percent of the assets and 47 percent of the revenues of the aggregate discretely presented component units and 78 percent of the assets and 44 percent of the revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinion, insofar as it relates to the amounts included for those agencies, funds, and component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the State has implemented the financial reporting requirements of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and Interpretation No. 6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* as of June 30, 2002.

The accompanying management discussion and analysis on pages 14 through 22 and the required supplementary information on pages 96 through 103 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State’s basic financial statements. The supplementary information – combining statements and individual fund statements and schedules on pages 108 through 167 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subject to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical data on pages 170 through 187 were not audited by us and, accordingly, we express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 1, 2002, on our consideration of the State’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, appearing to read "Austin Johnson", written in a cursive style.

UTAH STATE AUDITOR
November 1, 2002

INTRODUCTION

The following is a discussion and analysis of the State of Utah's financial performance and position, providing an overview of the State's activities for the fiscal year ended June 30, 2002. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section. Beginning this year, the State implemented new reporting standards established by the Governmental Accounting Standards Board. These new standards significantly changed the content and structure of the financial statements. As a result, much of the information is not easily comparable to the previous year. Future reports will include extensive comparisons.

HIGHLIGHTS

Government-wide

- The State's net assets decreased \$212.1 million or 2.0 percent over the prior year. Net assets of governmental activities decreased \$219.5 million or 2.4 percent due to a decline in economic conditions. Net assets of business-type activities increased slightly by \$7.5 million, or 0.5 percent.

Fund Level

- Combined tax revenues were 4.3 percent lower than the prior year due to economic stagnation and higher unemployment in the State. The State's economic slowdown was similar to that of the national economy.
- Due to decreased tax revenues, the Legislature reduced fiscal year 2002 budgets by \$105.5 million across all state agencies. In addition, the Legislature used \$105.3 million of the State's Budget Reserve Account (Rainy Day Fund) to make up for revenue shortfalls in the State's Uniform School Fund.

Long-term Debt

- The State's long-term bonded debt increased a net \$632.6 million, or 26 percent. The increased debt was issued to fund highway and capital facility construction and student loan programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report includes the State's Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Statements –Reporting the State as a Whole

The Statement of Net Assets and the Statement of Activities beginning on page 25 together comprise the *government-wide financial statements*. These statements provide a broad overview with a long-term focus of the State's finances as a whole and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the State's *net assets* – the difference between total assets and total liabilities – and how they have changed from the prior year. Over time, increases and decreases in net assets measure whether the State's overall financial condition is getting better or worse. In evaluating the State's overall condition, however, additional non-financial factors should be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

Governmental Activities – Most of the State's basic services fall under this activity including education, transportation, public safety, courts, corrections, health, and human services. Taxes and federal grants are the major funding sources for these programs.

Business-Type Activities – The State operates certain activities much like private-sector companies by charging fees to customers to cover all or most of the costs of providing the goods and services. Student loans, unemployment compensation, water project loan programs, and liquor sales are examples of business-type activities.

Component Units – Several entities are legally separate from the State, yet the State remains financially accountable for them. Colleges and Universities, Utah Housing Corporation, and Utah State Fair Corporation are examples of component units.

Fund Financial Statements – Reporting the State's Most Significant Funds

The fund financial statements beginning on page 30 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that the State uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the State's funds are divided into three types, each of which uses a different accounting approach.

Governmental Funds – Most of the State's basic services are accounted for in governmental funds and are essentially the same functions reported as *governmental activities* in the government-wide statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This *short-term* view of the State's financial position helps determine whether the State has sufficient resources to cover expenditures for its basic services in the near future.

Proprietary Funds – Proprietary funds include enterprise funds and internal service funds and account for state activities that are operated much like private-sector businesses. Like the government-wide statements, proprietary fund statements are presented using the *full-accrual* basis of accounting. Activities whose customers are mostly outside of state government (e.g., water loan funds to local governments) are accounted for in *enterprise funds* and are the same functions reported as *business-type activities* in the government-wide statements. Activities whose customers are mostly other state agencies (e.g., motor pool) are accounted for in *internal service funds*. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.

Fiduciary Funds – Fiduciary funds account for assets that, because of trust relationships, can only be used for trust beneficiaries. The State is responsible for ensuring the assets in these funds are used for their intended purposes. Fiduciary funds use *full-accrual* accounting but are *not* included in the government-wide statements because the assets in these funds are not available to finance the State's own programs.

Reconciliation Between Government-wide and Fund Statements

The financial statements include schedules on pages 32 and 36 that reconcile the amounts reported for *governmental activities* on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the *governmental* fund statements (modified accrual accounting, short-term focus). Following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

Notes to the Financial Statements

The notes beginning on page 52 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information

Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets and condition assessment data related to the State's infrastructure. This information further explains and supports the information in the basic financial statements.

Supplementary Information

Supplementary Information includes combining statements for the State's nonmajor governmental, proprietary, and fiduciary funds and nonmajor discretely presented component units. This section also includes schedules which compare budgeted expenditures to actual results at the legal level of control, which is generally the line item level of the *Appropriation Acts*.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

As mentioned previously, new accounting standards significantly changed the content and structure of the financial statements, and much of the information is not easily comparable to prior years. Future financial statements will include extensive comparisons.

Net Assets. The largest component of the State's net assets, 75 percent, reflects investments in capital assets (land, buildings, equipment, roads, and other infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

Restricted net assets comprise 17 percent of total net assets and are subject to constitutional, legal, or external constraints on how they can be used. Net assets that are restricted by the *Constitution of Utah* include income and corporate taxes that can only be used for public and higher education costs and motor fuel taxes that can only be used for transportation expenses. Net assets that are restricted by legal or contractual requirements include unemployment taxes that can only be used for unemployment benefits and long-term student loan receivables that are pledged for future revenue bond payments.

The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations, though certain laws and internally imposed designations of resources may further

limit the purposes for which those net assets may be used. For example, the balance of the State's Budgetary Reserve Account is reported as unrestricted net assets, but state law limits the use of those funds for operating deficits or retroactive tax refunds.

Changes in Net Assets. The State's total net assets decreased by \$212.1 million or 2.0 percent from the prior year. This decrease in net assets is a result of a slowing economy that had the combined effects of lower corporate profits, slower growth in personal income, higher unemployment, and higher demand for government services compared to fiscal year 2001.

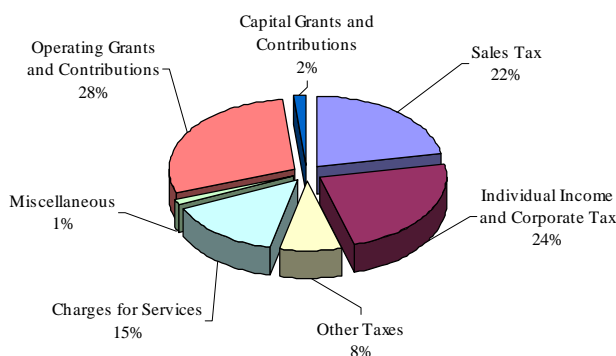
This year the State received 54 percent of its revenues from state taxes and 30 percent of its revenues from grants and contributions, mostly from federal sources. Charges for goods and services such as licenses, permits, liquor sales, state parks, and court fees, combined with other miscellaneous collections, comprised 16 percent of total revenues.

The charts below and on the next page summarize the State's total revenues, expenses, and changes in net assets for fiscal year 2002.

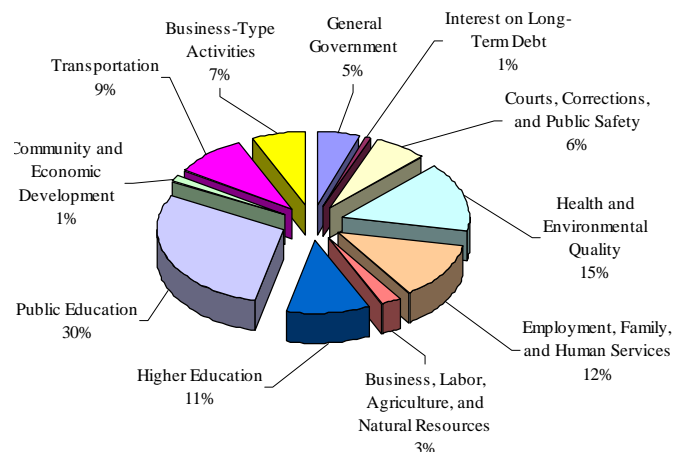
State of Utah
Net Assets as of June 30, 2002
(expressed in thousands)

	Governmental Activities	Business-type Activities	Total Primary Government
Current and Other Assets	\$ 2,802,112	\$ 2,870,922	\$ 5,673,034
Capital Assets	9,021,164	42,073	9,063,237
Total Assets	11,823,276	2,912,995	14,736,271
Current and Other Liabilities	621,340	55,952	677,292
Long-term Liabilities	2,335,428	1,291,513	3,626,941
Total Liabilities	2,956,768	1,347,465	4,304,233
Net Assets:			
Invested in Capital Assets,			
Net of Related Debt	7,806,829	21,336	7,828,165
Restricted	834,851	916,526	1,751,377
Unrestricted	224,828	627,668	852,496
Total Net Assets	\$ 8,866,508	\$ 1,565,530	\$ 10,432,038
Percent change from prior year	-2.4%	0.5%	-2.0%

State of Utah
Total Revenues - FY 2002



State of Utah
Total Expenses - FY 2002



State of Utah
Changes in Net Assets
for the Fiscal Year Ended June 30, 2002
(expressed in thousands)

	Governmental Activities	Business-type Activities	Total Primary Government
Revenues			
General Revenues:			
Taxes	\$ 3,598,731	\$ 16,343	\$ 3,615,074
Other General Revenues	72,236	5,995	78,231
Program Revenues:			
Charges for Services	656,308	329,282	985,590
Operating Grants	1,798,817	163,584	1,962,401
Capital Grants	109,751	-	109,751
Total Revenues	6,235,843	515,204	6,751,047
Expenses			
General Government	364,174	-	364,174
Human Services and Youth Corrections	537,753	-	537,753
Corrections, Adult	191,690	-	191,690
Public Safety	153,833	-	153,833
Courts	104,623	-	104,623
Health and Environmental Quality	1,061,229	-	1,061,229
Higher Education	731,504	-	731,504
Employment and Family Services	323,593	-	323,593
Natural Resources	113,795	-	113,795
Community and Economic Development	91,004	-	91,004
Business, Labor, and Agriculture	66,016	-	66,016
Public Education	1,998,834	-	1,998,834
Transportation	644,954	-	644,954
Interest on Long-term Debt	68,964	-	68,964
Student Assistance Programs	-	79,666	79,666
Unemployment Compensation	-	272,924	272,924
Water Loan Programs	-	6,181	6,181
Other Business-type Activities	-	122,594	122,594
Total Expenses	6,451,966	481,365	6,933,331
Excess (Deficiency) Before Special Item and Transfers	(216,123)	33,839	(182,284)
Special Item - distribution to local governments	(29,772)	-	(29,772)
Transfers	26,358	(26,358)	-
Change in Net Assets	(219,537)	7,481	(212,056)
Net Assets - Beginning (as restated)	9,086,045	1,558,049	10,644,094
Net Assets - Ending	\$ 8,866,508	\$ 1,565,530	\$ 10,432,038

Governmental Activities

The State's total governmental revenues from all sources decreased \$199 million or 3.1 percent as Utah's economy felt the impact of the national economic downturn. This decline in revenues contributed to a \$219.5 million or 2.4 percent decrease in net assets of governmental activities. The State was able to handle the drop in revenues by making mid-year spending reductions and using portions of accumulated net asset balances.

The table on the next page shows to what extent the State's governmental activities relied on taxes and other general revenues to cover all of their costs. For fiscal year 2002, these programs generated \$2.56 billion, or 39.8 percent of their total expenses, through charges for services and grants. The remaining 60.2 percent of expenses were covered by state taxes and other general revenues.

State of Utah
Net Cost of Governmental Activities
(expressed in thousands)

	Total Program Expenses	Less Program Revenues	Net Program Costs	Program Revenues as a Percentage of Total Expenses
General Government	\$ 364,174	\$ (292,626)	\$ 71,548	80.4%
Human Services and Youth Corrections	537,753	(258,191)	279,562	48.0%
Corrections, Adult	191,690	(9,255)	182,435	4.8%
Public Safety	153,833	(89,641)	64,192	58.3%
Courts	104,623	(36,001)	68,622	34.4%
Health and Environmental Quality	1,061,229	(806,279)	254,950	76.0%
Higher Education	731,504	(1,699)	729,805	0.2%
Employment and Family Services	323,593	(271,100)	52,493	83.8%
Natural Resources	113,795	(72,857)	40,938	64.0%
Community and Economic Development	91,004	(45,312)	45,692	49.8%
Business, Labor, and Agriculture	66,016	(53,520)	12,496	81.1%
Public Education	1,998,834	(248,184)	1,750,650	12.4%
Transportation	644,954	(380,211)	264,743	59.0%
Interest on Long-Term Debt	68,964	-	68,964	0.0%
Total Governmental Activities	\$ 6,451,966	\$ (2,564,876)	\$ 3,887,090	39.8%

Business-type Activities

Despite the slow economy, revenues from the State's business-type activities continued to grow at healthy rates, increasing \$93.9 million or 22.3 percent over the prior year. Most of this increase was from a \$62.6 million distribution from the federal government to the Unemployment Compensation Fund. However, net assets for the combined business-type activities increased only \$7.5 million or 0.5 percent as higher expenses in the Unemployment Compensation program offset gains in net assets in the other activities.

All of the State's business-type activities operate from program revenues except for the Water Loan Programs and the Agriculture Loan Fund which by law receive dedicated sales taxes to provide additional capital for loans. Accounting standards require unemployment taxes that are collected from employers and deposited in the Unemployment Compensation Fund be reported as charges for services rather than taxes. Therefore, taxes in the business-type activities are comprised entirely of sales taxes in the water and agriculture loan programs.

All of the State's business-type activities generated sufficient revenues to cover their expenses this year with one exception. The Unemployment Compensation program was forced to use accumulated reserves to cover a 97.5 percent increase in benefits paid to unemployed individuals. This increase was a result of rising unemployment spurred by the national economic slowdown.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Fund Balances

At June 30, 2002, the State's governmental funds reported combined ending fund balances of \$1.79 billion. Of this amount, \$1.16 billion or 65 percent is reserved for specific programs by state law, by external constraints, or by contractual obligations. Unspent bond proceeds, balances of restricted accounts, and agencies' nonlapsing balances are included in reserved fund balance. An additional \$385.8 million or 21.6 percent of total fund balances has been designated through internally imposed limitations on uses of certain funds. Note 11 on page 81 contains more details about reserved and designated fund balances at June 30, 2002.

The remaining \$240.2 million or 13.4 percent of fund balance is available for appropriation for the general purposes of the funds. The State's two main operating funds, the General Fund and the Uniform School Fund, did not end the year with any unreserved undesignated fund balance, commonly referred to as "surplus." Although inflows in the General Fund exceeded outflows by \$2.2 million, \$1.1 million of the excess was transferred to the Budget Reserve Account as required by law. The remaining \$1.1 million is designated by law for the Industrial Assistance Fund. Also, the Uniform School Fund required a transfer of \$105.3 million from the Budget Reserve Account in the General Fund to avoid ending the year with a deficit unreserved undesignated fund balance.

State of Utah
Governmental Fund Balances as of June 30, 2002
(expressed in thousands)

	General Fund	Uniform School Fund	Transportation Fund	Centennial Highway Fund	Trust Lands Fund	Nonmajor Funds	Total
Reserved	\$ 221,474	\$ 43,891	\$ 45,557	\$ 158,808	\$ 360,376	\$ 331,934	\$ 1,162,040
Unreserved Designated	146,551	138,328	39,165	-	-	61,789	385,833
Unreserved Undesignated	-	-	46,198	146,549	-	47,468	240,215
Total	\$ 368,025	\$ 182,219	\$ 130,920	\$ 305,357	\$ 360,376	\$ 441,191	\$ 1,788,088
Percent change from prior year	-35.2%	-24.9%	3.8%	377.6%	-0.1%	89.3%	12.1%

General Fund

During fiscal year 2002, the General Fund's fund balance decreased \$199.8 million or 35.2 percent due to lower tax collections, increased expenditures, and a net increase in transfers out of the fund.

Total General Fund revenues increased \$133.3 million or 4.2 percent; however, total tax collections dropped \$6.8 million or 0.4 percent from the prior year due to the State's slow economy. While sales tax inched up \$6.0 million or 0.4 percent and insurance premium tax gained \$10.6 million or 23.1 percent, inheritance tax and oil and gas severance tax together fell \$42.3 million or 56.0 percent from the prior year. Also, historically low interest rates and lower cash balances kept investment income \$22.2 million or 59.1 percent below last year's level. Federal funding was the largest single factor offsetting the shortage in tax collections and investment income as federal grants climbed \$143.5 million or 12.0 percent from the prior year.

Total General Fund expenditures increased by \$328.0 million or 10.6 percent as the sluggish economy significantly increased the public's demand for government services. Following are examples:

- General assistance and food stamp cases increased 10 and 15 percent, respectively.
- Medicaid costs increased 12 percent while the federal matching rate continued to decline, this year by 1.1 percent.
- Public safety costs increased 23 percent as a result of activities related to the Winter Olympic Games.

State agencies relied heavily on federal funding to cover these increased demands. State agencies also saw increases in costs for items such as fighting wildfires, combating insect infestation on farmlands, and building fish hatcheries and wildlife management facilities. These increased costs in the face of budget reductions brought agencies' reserved nonlapsing balances down by \$21.9 million or 25 percent compared to the end of the prior year.

Uniform School Fund

The Uniform School Fund's fund balance decreased \$60.5 million or 24.9 percent as a direct result of the state and national economic downturn. Individual and corporate income taxes fell \$182.5 million or 9.7 percent from the prior year. Transfers of \$105.3 million from the Budget Reserve Account and \$19.0 million from the Sports Authority Fund (nonmajor fund) helped avoid severe cuts to programs in public and higher education. Expenditures for public education increased a modest \$60.6 million or 3.1 percent, mostly due to a 5.5 percent increase in the Weighted Pupil Unit (WPU) that was left intact amidst all other budget reductions during the year. The WPU is the State's basic formula for determining funding for local school districts.

Budgetary Highlights – General Fund and Uniform School Fund

The State considers both the General Fund and Uniform School Fund together in managing the budget. Therefore, both funds must be discussed together to provide an accurate picture of the budget. The State's economic downturn resulted in a \$394.7 million or 10.4 percent reduction in estimated revenue for the General Fund and Uniform School Fund compared to original revenue estimates made before the fiscal year began. The largest declines were in individual and corporate income tax collections, inheritance taxes, and oil and gas severance taxes. As a result, the Governor and Legislature balanced the 2002 budget through a combination of measures:

- \$105.5 million budget reductions across all state agencies.
- \$87.2 million in transfers from restricted accounts, surpluses, beginning balances, and miscellaneous sources.
- \$88.7 million in general obligation bonds to replace cash taken from appropriated capital projects.
- \$113.3 million in estimated transfers from the Budget Reserve Account.

Actual revenue collections ended up \$12.4 million or 0.4 percent above the final budget estimates, and the actual transfer from the Budget Reserve Account to the Uniform School Fund was \$105.3 million. The Budget Reserve Account ended the fiscal year with a balance of \$19.5 million.

Transportation Fund

Federal funding in the Transportation Fund increased \$79.4 million but decreased \$73.5 million in the Centennial Highway Fund as UDOT shifted most of its federal dollars out of new construction and into critical preservation and maintenance needs on the State Transportation Improvement Plan (STIP). Most STIP projects do not add lane miles or structures but are designed to preserve existing infrastructure. Projects include bridge repair and replacements, shoulder and pavement repairs, and safety improvements.

In fiscal year 2002 the Department of Transportation (UDOT) entered into an agreement with Salt Lake County whereby the State began collecting a portion of the county's voter-approved public transit sales tax to accelerate work on certain transportation projects within the county. Accordingly, the Transportation Fund's sales tax collections increased \$12.3 million or 65.4 percent over the prior year. At June 30, 2002, UDOT held \$10.8 million of public transit sales taxes in reserve for a proposed I-15 interchange at 114th South, pending completion of an environmental impact statement that was required by a lawsuit brought against the project.

Total expenditures in the Transportation Fund increased by \$128.7 million or 25.1 percent. In addition to more STIP projects, UDOT incurred increased costs this year for several park-and-ride lots and other transportation services required for a successful Winter Olympic Games. Also, the Aeronautics Division of UDOT spent \$3.8 million or 10.8 percent more for local government airport construction and maintenance. Finally, UDOT saw a \$5.7 million or 7.8 percent increase in highway maintenance costs mainly due to added lane miles on I-15 in Salt Lake and Davis Counties.

Centennial Highway Fund

During the year, the State issued \$277.8 million of general obligation bonds for highway construction. At June 30, 2002, the Centennial Highway Fund held \$158.8 million of unspent bond proceeds, which amount is reported as reserved fund balance. In fiscal year 2002, the Legislature transferred \$21.2 million of savings from the I-15 reconstruction project to the General Fund, with an additional \$10.8 million in savings to go to the General Fund in fiscal year 2003.

Centennial Highway Fund expenditures dropped \$159.3 million or 43.7 percent mostly because the I-15 project was completed last year and a lawsuit in November 2001 halted construction of the Legacy Highway in Davis County. Still, UDOT continued work on several other major projects including new overpasses on I-15 and U.S. 89 in Farmington, reconstruction of 31st Street in Ogden, and I-15 interchanges in Pleasant Grove and Washington County.

Trust Lands Fund

For the second year in a row the Trust Lands Fund had significant unrealized losses on its investments as a result of declines in the national securities markets. However, the permanent fund generated \$9.7 million of cash investment earnings for the Uniform School Fund that is earmarked for distribution to local school districts.

Nonmajor Governmental Funds

The Utah Sports Authority received \$58.5 million from the Salt Lake Olympic Organizing Committee as final payment for the sale of the winter sports park in 1999. The Utah Sports Authority disbursed \$29.8 million of this amount to local governments as repayment of their portion of sales taxes that had been used to build the facilities during the 1990's. Of the remaining \$28.7 million, the Legislature transferred \$9.5 million to the Capital Projects Fund, \$19.0 million to the Uniform School Fund to help cover decreased tax revenues, and \$200 thousand to the General Fund to help cover costs of the State Olympic Coordinator's Office.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS**Student Assistance Programs**

The Student Assistance programs finished the year with an increase of \$20.8 million or 11.7 percent in net assets. Rising enrollments at the State's colleges and universities created more demand for student loans than in prior years.

Unemployment Compensation Fund

The State's rising jobless rate brought a 77 percent increase in the number of unemployment benefit claims over the prior year. Assets were sufficient to handle the increased demand for benefits, but net assets fell \$65.2 million or 10.5 percent due to the increase in claims. Also, this year the State received a \$62.6 million distribution under the federal *Reed Act* of unemployment taxes that the federal government considered "surplus" to the federal program.

Water Loan Programs

To help balance the budget in fiscal year 2002, the Legislature redirected to the General Fund \$500,000 of sales tax that is normally earmarked for water loans. The Legislature redirected an additional \$9.7 million for fiscal year 2003. These programs have sufficient revenues and net assets to cover current commitments.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

The State's investment in capital assets increased a net \$236 million during the year. The change consisted of net increases in infrastructure of \$162 million; land and related assets of \$47.9 million; and buildings, improvements and construction in progress of \$31.1 million. Machinery and equipment decreased a net \$5 million during the year. A significant portion of the buildings financed by the State are actually owned by the colleges and universities which are component units of the State. Therefore, while the capital assets are on the component unit's financial statements, any outstanding debt issued to finance construction of these assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net assets. As of June 30, 2002, the State had \$239.1 million of outstanding debt related to capital assets of component units.

The State has adopted an allowable alternative to reporting depreciation for roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the "modified approach," UDOT must maintain an asset management system and demonstrate that the infrastructure is being preserved at or above established condition levels. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The State's established condition level for roads is to maintain 50 percent with a rating of "fair" or better and no more than 15 percent with a "very poor" rating. The most recent condition assessment, completed for calendar year 2001, indicated that 70.4 percent of the roads were in "fair" or better condition. Only 8.3 percent of the roads assessed were in "very poor" condition. These results reflect improvement over calendar year 2000, when 66.5 percent of the roads were assessed as "fair" or better, and 10.7 percent assessed were in "very poor" condition.

The State's established condition level for bridges is to maintain 50 percent with a rating of "good" and no more than 15 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2002, indicated that 70.4 percent and 2.8 percent of bridges were in "good" and "poor" condition, respectively. These results reflect improvement over the prior year, when 67.0 percent of the bridges were assessed as "good," and 5.0 percent assessed were in "poor" condition.

During fiscal year 2002, the State spent \$330.9 million to maintain and preserve roads and bridges. This amount is 16.1 percent above the estimated amount of \$285 million needed to maintain these assets at established condition levels. During the last few fiscal years the State was aggressive in the maintenance and preservation of many of the State's roads in preparation for the Winter Olympic Games. The State anticipates that expenditures in future years will be more comparable to the estimated amounts needed to preserve the State's infrastructure assets.

More information about capital assets is included in Note 8 on page 69, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on page 102.

Long-term Debt

The *Constitution of Utah* authorizes general obligation borrowing only as approved by the Legislature. The *Constitution* also limits outstanding state general obligation debt to 1.5 percent of the value of all taxable property in the State, while state law further restricts outstanding state general obligation debt to no more than 20 percent of the appropriations limit. As of June 30, 2002, the State was \$361.4 million below the statutory debt limit and \$974 million below the debt limit established in the *Constitution*.

Of the total bonds issued during the fiscal year, \$277.8 million was for highway construction, \$208 million was to refund variable-rate highway notes for fixed-rate general obligation bonds, and \$269.3 million was for capital facility construction. The remaining bonds were issued to provide capital for purchasing student loans in the Student Assistance programs.

The State's active management of recent economic difficulties has helped the State maintain its triple-A rating on general obligation bonds and double-A rating on lease revenue bonds from all three national rating agencies, the best ratings possible. These ratings save millions of dollars in interest each year because the State is able to get the lowest possible interest rates on new debt. Note 10 on page 73 contains more information about the State's outstanding debt.

State of Utah
Bond Activity for Fiscal Year 2002
(expressed in millions)

	Governmental Activities		Business-type Activities	
	General Obligation	Lease Revenue	Revenue / Lease Revenue	Total
Bonds issued	\$ 629.2	\$ 114.4	\$ 213.9	\$ 957.5
Bonds refunded	(208.0)	-	-	(208.0)
Bonds retired	(92.8)	(11.5)	(12.6)	(116.9)
Net change	\$ 328.4	\$ 102.9	\$ 201.3	\$ 632.6
New bonds authorized by the Legislature	\$ 430.3	\$ -	\$ 1.8	\$ 432.1
Bonds authorized but unissued at June 30	\$ 141.3	\$ 2.5	\$ 1.8	\$ 145.6

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Original revenue estimates for fiscal year 2003 were approximately 3.3 percent below the original revenue estimates for fiscal year 2002. To balance the original 2003 budget, the Legislature implemented \$174.6 million in budget reductions from original fiscal year 2002 budget levels. This was enough to cover the revenue shortfall plus fund critical budget items such as Medicaid increases, a 0.75 percent increase in the WPU for public education, higher education enrollment growth, and health insurance increases for state employees.

The Legislature also raised the cigarette tax by 18 cents per pack, from 51.5 cents to 69.5 cents. The tax increase is expected to yield \$13.8 million per year, with 58 percent of the increase earmarked for tobacco prevention and cessation programs, cancer research, and medical education. The remaining 42 percent of the increase will go to the General Fund. No other taxes were increased.

Due to additional declines in revenue estimates for fiscal year 2003, the Legislature met in special session in June and early July 2002 to reduce the 2003 budget by another \$173.1 million, a decline of 7.8 percent from the original fiscal year 2002 revenue estimates. Budget adjustments included the following:

- \$71.5 million in reductions to agencies' budgets.
- \$66.4 million reduction in ongoing General Fund support for the Centennial Highway Fund.
- \$16.4 million reduction in cash available for capital facilities, to be replaced with general obligation bonds.
- \$17.8 million transfer from the Tobacco Endowment Fund (nonmajor fund) to the General Fund.
- \$1 million in transfers from various restricted accounts to the General Fund.

Reductions in funding for fiscal year 2003 will result in program and service reductions in most state agencies, higher education, and public education. State agencies estimate a reduction of 482 full-time equivalent positions as a result of the budget cuts, or 2.4 percent of the State's workforce. Most of these reductions in force will be handled through attrition, though some layoffs have already occurred.

The outlook for Utah's economy in the near future continues to be uneven. While taxable retail sales are expected to climb 4.1 percent in 2002, the 2002 unemployment rate is expected to be 6.0 percent and the growth in personal income is expected to be 2.7 percent for the same period. Because these indicators are measured on a calendar-year basis, the impact on the State budget will be felt well into fiscal year 2003. Already, preliminary data for fiscal year 2003 show revenues are approximately \$117 million lower than the 2003 budget estimates adopted during the recent special session. The Governor and Legislature are expected to convene another special session in December to address this further decline in revenues.

CONTACTING THE STATE'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Division of Finance, Financial Reporting Section at (801) 538-3525.

The preceding discussion and analysis focuses on the State's primary government operations. With the exception of a few nonmajor component units, the State's component units each issue separate audited financial statements which include their respective management's discussion and analysis. Component unit statements may be obtained from their respective administrative offices or from the Utah State Auditor's Office, 211 State Capitol, Salt Lake City, UT 84114.

BASIC FINANCIAL STATEMENTS

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State of Utah**Statement of Net Assets**

June 30, 2002

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 346,700	\$ 741,725	\$ 1,088,425	\$ 754,351
Investments	1,271,966	282,823	1,554,789	442,317
Taxes Receivable, net	581,065	2,575	583,640	—
Accounts and Interest Receivable, net	519,413	80,935	600,348	267,909
Amounts Due From Component Units	29,016	—	29,016	—
Prepaid Items	5,406	583	5,989	12,925
Inventories	13,001	17,005	30,006	32,866
Internal Balances	3,184	(3,184)	—	—
Restricted Investments	—	55,304	55,304	412,804
Restricted Receivables	—	—	—	17,096
Deferred Charges	2,711	7,793	10,504	52,130
Notes/Loans/Mortgages Receivable, net	22,246	1,685,363	1,707,609	1,043,971
Other Assets	7,404	—	7,404	—
Capital Assets:				
Land and Related Non-depreciable Assets	607,265	12,195	619,460	81,534
Infrastructure	7,346,256	—	7,346,256	—
Construction in Progress	259,911	1,153	261,064	167,044
Buildings, Equipment, and Other Depreciable Assets	1,361,263	41,567	1,402,830	3,044,211
Less Accumulated Depreciation	(553,531)	(12,842)	(566,373)	(1,273,021)
Total Capital Assets	9,021,164	42,073	9,063,237	2,019,768
Total Assets	11,823,276	2,912,995	14,736,271	5,056,137
LIABILITIES				
Accounts Payable and Accrued Liabilities	534,568	40,608	575,176	179,779
Amounts Due to Primary Government	—	—	—	29,016
Securities Lending	10,167	—	10,167	—
Deferred Revenue	76,438	7,599	84,037	59,131
Deposits	167	56	223	19,793
Other Liabilities	—	7,689	7,689	62,973
Long-term Liabilities (Note 10)				
Due Within One Year	228,906	38,217	267,123	159,394
Due in More Than One Year	2,106,522	1,253,296	3,359,818	1,588,490
Total Liabilities	2,956,768	1,347,465	4,304,233	2,098,576
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	7,806,829	21,336	7,828,165	1,558,298
Restricted for:				
Transportation	132,091	—	132,091	—
Public Education – Expendable	192,322	—	192,322	—
Public Education – Nonexpendable	360,376	—	360,376	—
Higher Education – Expendable	—	—	—	441,252
Higher Education – Nonexpendable	—	—	—	309,578
Debt Service	7,269	38,478	45,747	141,838
Unemployment Compensation and Insurance Programs ..	61,365	553,741	615,106	—
Loan Programs	2,478	324,307	326,785	—
Other Purposes – Expendable	78,950	—	78,950	37
Unrestricted	224,828	627,668	852,496	506,558
Total Net Assets	\$ 8,866,508	\$ 1,565,530	\$ 10,432,038	\$ 2,957,561

The Notes to the Financial Statements are an integral part of this statement.

State of Utah**Statement of Activities**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	\$ 364,174	\$ 225,765	\$ 66,861	\$ —
Human Services and Youth Corrections	537,753	13,304	244,887	—
Corrections, Adult	191,690	7,452	1,803	—
Public Safety	153,833	28,348	61,293	—
Courts	104,623	34,977	1,024	—
Health and Environmental Quality	1,061,229	87,120	719,159	—
Higher Education	731,504	714	985	—
Employment and Family Services	323,593	7,366	263,734	—
Natural Resources	113,795	40,660	32,197	—
Community and Economic Development	91,004	4,579	40,733	—
Business, Labor, and Agriculture	66,016	46,230	7,290	—
Public Education	1,998,834	35,859	212,325	—
Transportation	644,954	123,934	146,526	109,751
Interest and Other Charges on Long-term Debt	68,964	—	—	—
Total Governmental Activities	6,451,966	656,308	1,798,817	109,751
Business-type:				
Student Assistance Programs	79,666	75,836	23,655	—
Unemployment Compensation	272,924	84,611	123,081	—
Water Loan Programs	6,181	9,132	15,441	—
Other Business-type Activities	122,594	159,703	1,407	—
Total Business-type Activities	481,365	329,282	163,584	0
Total Primary Government	\$ 6,933,331	\$ 985,590	\$ 1,962,401	\$ 109,751
Component Units:				
Utah Housing Corporation	\$ 79,330	\$ 88,020	\$ 1,996	\$ —
University of Utah	1,631,743	1,094,089	276,197	42,176
Utah State University	376,943	102,763	146,984	41,706
Nonmajor Colleges and Universities	614,295	209,962	118,396	20,518
Nonmajor Component Units	18,671	12,493	165	113
Total Component Units	\$ 2,720,982	\$ 1,507,327	\$ 543,738	\$ 104,513
General Revenues:				
Taxes:				
Sales and Use Tax				
Individual Income Tax Imposed for Education				
Corporate Tax Imposed for Education				
Motor and Special Fuel Taxes Imposed for Transportation				
Other Taxes				
Total Taxes				
Unrestricted Investment Income				
State Funding for Colleges and Universities				
State Funding for Other Component Units				
Gain on Sale of Capital Assets				
Miscellaneous				
Permanent Endowments Contributions				
Special Item—Distribution to Local Governments				
Special Item—Technology Finance Corporation Liquidation Transfers				
Transfers—Internal Activities				
Total General Revenues, Special Items, and Transfers				
Change in Net Assets				
Net Assets—Beginning (as restated)				
Net Assets—Ending				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (71,548)	\$ —	\$ (71,548)	\$ —
(279,562)	—	(279,562)	—
(182,435)	—	(182,435)	—
(64,192)	—	(64,192)	—
(68,622)	—	(68,622)	—
(254,950)	—	(254,950)	—
(729,805)	—	(729,805)	—
(52,493)	—	(52,493)	—
(40,938)	—	(40,938)	—
(45,692)	—	(45,692)	—
(12,496)	—	(12,496)	—
(1,750,650)	—	(1,750,650)	—
(264,743)	—	(264,743)	—
(68,964)	—	(68,964)	—
<u>(3,887,090)</u>	<u>0</u>	<u>(3,887,090)</u>	<u>0</u>
—	19,825	19,825	—
—	(65,232)	(65,232)	—
—	18,392	18,392	—
—	38,516	38,516	—
<u>0</u>	<u>11,501</u>	<u>11,501</u>	<u>0</u>
<u>(3,887,090)</u>	<u>11,501</u>	<u>(3,875,589)</u>	<u>0</u>
—	—	—	10,686
—	—	—	(219,281)
—	—	—	(85,490)
—	—	—	(265,419)
—	—	—	(5,900)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(565,404)</u>
1,470,175	16,343	1,486,518	—
1,473,341	—	1,473,341	—
124,333	—	124,333	—
329,296	—	329,296	—
201,586	—	201,586	—
<u>3,598,731</u>	<u>16,343</u>	<u>3,615,074</u>	<u>0</u>
11,914	3,648	15,562	345
—	—	—	633,956
—	—	—	3,563
19,642	—	19,642	—
40,680	2,347	43,027	—
—	—	—	21,754
(29,772)	—	(29,772)	—
—	—	—	(9,944)
26,358	(26,358)	—	—
<u>3,667,553</u>	<u>(4,020)</u>	<u>3,663,533</u>	<u>649,674</u>
(219,537)	7,481	(212,056)	84,270
9,086,045	1,558,049	10,644,094	2,873,291
<u>\$ 8,866,508</u>	<u>\$ 1,565,530</u>	<u>\$ 10,432,038</u>	<u>\$ 2,957,561</u>

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Governmental Fund Financial Statements

General Fund

This fund is the principal operating fund of the State. It accounts for all the financial resources of the general government except those required to be accounted for in another fund.

Uniform School Fund

This fund is maintained to account for revenues and expenditures that mainly support public elementary and secondary schools and the State Office of Education.

Transportation Fund

This fund is maintained to account for revenues and expenditures associated with highway construction and maintenance. Principal funding is provided from dedicated highway user taxes and fees and federal funds.

Centennial Highway Fund

This fund was created by the Legislature to account for revenues and expenditures associated with specific highway projects. Funding is provided from federal funds, registration fees, sales and use taxes, appropriations, and contributions from local governments.

Trust Lands

This permanent fund accounts for land grants and the sale of such lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used to support public education.

Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 108.

State of Utah**Balance Sheet
Governmental Funds**

June 30, 2002

(Expressed in Thousands)

	Special Revenue			
	General	Uniform School	Transportation	Centennial Highway
ASSETS				
Cash and Cash Equivalents	\$ 75,828	\$ —	\$ 93,178	\$ —
Investments	61,620	—	17,370	330,927
Receivables:				
Accounts, net	351,953	25,854	78,295	1,490
Accrued Interest	16	—	—	—
Accrued Taxes, net	257,299	265,081	57,959	726
Notes/Mortgages, net	6,267	6,128	421	—
Due From Other Funds	21,153	2,187	26,753	1,473
Due From Component Units	10,462	—	—	—
Inventories	497	—	8,397	—
Interfund Loans Receivable	44,638	—	—	—
Other Assets	—	—	—	—
Total Assets	<u>\$ 829,733</u>	<u>\$ 299,250</u>	<u>\$ 282,373</u>	<u>\$ 334,616</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 282,182	\$ 78,382	\$ 107,193	\$ 273
Due To Other Funds	13,502	3,334	9,260	26,416
Deferred Revenue	166,024	35,315	35,000	92
Interfund Loans Payable	—	—	—	2,478
Total Liabilities	<u>461,708</u>	<u>117,031</u>	<u>151,453</u>	<u>29,259</u>
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	65,614	26,245	2,238	—
Specific Purposes by Statute	111,222	17,646	43,319	158,808
Interfund Loans Receivable	44,638	—	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Unreserved Designated	146,551	138,328	39,165	—
Unreserved Designated, reported in nonmajor:				
Special Revenue Funds	—	—	—	—
Capital Projects Funds	—	—	—	—
Debt Service Funds	—	—	—	—
Unreserved Undesignated	—	—	46,198	146,549
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	—	—	—
Total Fund Balances	<u>368,025</u>	<u>182,219</u>	<u>130,920</u>	<u>305,357</u>
Total Liabilities and Fund Balances	<u>\$ 829,733</u>	<u>\$ 299,250</u>	<u>\$ 282,373</u>	<u>\$ 334,616</u>

The Notes to the Financial Statements are an integral part of this statement.

Permanent		
Trust	Nonmajor	Total
Lands	Governmental	Governmental
	Funds	Funds
\$ 524	\$ 115,438	\$ 284,968
349,733	375,204	1,134,854
11,919	27,930	497,441
638	16	670
—	—	581,065
8,891	539	22,246
2,712	2,607	56,885
—	18,554	29,016
—	—	8,894
—	—	44,638
7,404	—	7,404
<u>\$ 381,821</u>	<u>\$ 540,288</u>	<u>\$ 2,668,081</u>
\$ —	\$ 42,588	\$ 510,618
7	12,957	65,476
21,438	43,552	301,421
—	—	2,478
<u>21,445</u>	<u>99,097</u>	<u>879,993</u>
—	164,300	258,397
360,376	64,997	756,368
—	—	44,638
—	87,928	87,928
—	14,709	14,709
—	—	324,044
—	657	657
—	52,959	52,959
—	8,173	8,173
—	—	192,747
—	47,468	47,468
<u>360,376</u>	<u>441,191</u>	<u>1,788,088</u>
<u>\$ 381,821</u>	<u>\$ 540,288</u>	<u>\$ 2,668,081</u>

**Reconciliation of the Balance Sheet-Governmental Funds
To the Statement of Net Assets**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

Total Fund Balances for Governmental Funds	\$ 1,788,088
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 8)

Land and Related Non-depreciable Assets	\$ 607,248	
Infrastructure	7,346,256	
Construction-In-Progress	258,305	
Buildings, Equipment, and Other Depreciable Assets	1,162,549	
Accumulated depreciation	(444,822)	8,929,536

Some of the State's earned revenues will be collected after yearend, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	228,272
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Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet operations to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	127,325
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Bond issue costs are reported as current expenditures in the funds. However, issue costs are deferred and amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Assets.	2,620
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Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds. (Note 10)

General Obligation and Revenue Bonds Payable	(1,815,728)	
Unamortized Premiums	(27,642)	
Accrued Interest Payable	(1,664)	
Postemployment Benefits	(213,633)	
Compensated Absences	(135,541)	
Capital Leases.....	(15,026)	
Arbitrage Liability	(99)	(2,209,333)

Net Assets of Governmental Activities	<u>\$ 8,866,508</u>
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The Notes to the Financial Statements are an integral part of this statement.

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State of Utah**Statement Of Revenues, Expenditures, And Changes In Fund Balances
Governmental Funds**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Special Revenue			
	General	Uniform School	Transportation	Centennial Highway
REVENUES				
Taxes:				
Sales and Use Tax	\$ 1,437,339	\$ —	\$ 31,235	\$ 4,905
Individual Income Tax	—	1,584,546	—	—
Corporate Tax	—	124,561	—	—
Motor and Special Fuels Tax	—	—	321,682	—
Other Taxes	172,307	15,606	10,525	—
Total Taxes	<u>1,609,646</u>	<u>1,724,713</u>	<u>363,442</u>	<u>4,905</u>
Other Revenues:				
Federal Contracts and Grants	1,341,072	252,991	205,982	46,865
Charges for Services/Royalties	192,190	1,410	22,028	—
Licenses, Permits, and Fees	17,721	4,188	58,603	18,120
Federal Mineral Lease	29,367	—	—	—
Federal Aeronautics	—	—	31,026	—
Intergovernmental	—	—	—	—
Investment Income	15,333	9,708	2,657	2,931
Miscellaneous and Other	114,449	7,831	13,650	—
Total Revenues	<u>3,319,778</u>	<u>2,000,841</u>	<u>697,388</u>	<u>72,821</u>
EXPENDITURES				
Current:				
General Government	160,728	—	—	—
Human Services and Youth Corrections	529,403	—	—	—
Corrections, Adult	182,860	—	—	—
Public Safety	147,728	—	—	—
Courts	100,510	—	—	—
Health and Environmental Quality	1,055,856	—	—	—
Higher Education – State Administration	42,155	—	—	—
Higher Education – Colleges and Universities	610,837	—	—	—
Employment and Family Services	321,154	—	—	—
Natural Resources	119,383	—	—	—
Community and Economic Development	86,160	—	—	—
Business, Labor, and Agriculture	55,639	—	—	—
Public Education	—	1,998,240	—	—
Transportation	—	—	642,159	205,358
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	<u>3,412,413</u>	<u>1,998,240</u>	<u>642,159</u>	<u>205,358</u>
Excess Revenues Over (Under) Expenditures	<u>(92,635)</u>	<u>2,601</u>	<u>55,229</u>	<u>(132,537)</u>
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	277,810
Revenue Bonds Issued	—	—	—	—
Premium (Discount) on Bonds Issued	—	—	—	11,241
Refunding Bonds Issued	—	—	—	—
Payment of Current Bond Refunding	—	—	—	—
Sale of Trust Lands	—	—	—	—
Transfers In	223,529	126,279	36,131	178,295
Transfers Out	(330,679)	(189,388)	(86,520)	(93,385)
Total Other Financing Sources (Uses)	<u>(107,150)</u>	<u>(63,109)</u>	<u>(50,389)</u>	<u>373,961</u>
SPECIAL ITEM				
Sale of Olympic Park Facilities	—	—	—	—
Distribution to Local Governments	—	—	—	—
Net Change in Fund Balances	<u>(199,785)</u>	<u>(60,508)</u>	<u>4,840</u>	<u>241,424</u>
Fund Balances – Beginning (as restated)	<u>567,810</u>	<u>242,727</u>	<u>126,080</u>	<u>63,933</u>
Fund Balances – Ending	<u>\$ 368,025</u>	<u>\$ 182,219</u>	<u>\$ 130,920</u>	<u>\$ 305,357</u>

The Notes to the Financial Statements are an integral part of this statement.

<u>Permanent</u>		
<u>Trust</u>	<u>Nonmajor</u>	<u>Total</u>
<u>Lands</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Funds</u>	<u>Funds</u>
\$ —	\$ —	\$ 1,473,479
—	—	1,584,546
—	—	124,561
—	—	321,682
—	3,145	201,583
<u>0</u>	<u>3,145</u>	<u>3,705,851</u>
—	9,567	1,856,477
24,975	7,041	247,644
—	8,569	107,201
—	1,160	30,527
—	—	31,026
—	7,611	7,611
(41,587)	611	(10,347)
—	40,965	176,895
<u>(16,612)</u>	<u>78,669</u>	<u>6,152,885</u>
—	19,041	179,769
—	1,887	531,290
—	2,611	185,471
—	2,987	150,715
—	6,745	107,255
—	2,435	1,058,291
—	—	42,155
—	—	610,837
—	—	321,154
—	1,689	121,072
—	4,854	91,014
—	8,301	63,940
—	210	1,998,450
—	1,100	848,617
—	112,569	112,569
—	104,298	104,298
—	70,890	70,890
<u>0</u>	<u>339,617</u>	<u>6,597,787</u>
<u>(16,612)</u>	<u>(260,948)</u>	<u>(444,902)</u>
—	143,390	421,200
—	114,389	114,389
—	17,912	29,153
—	208,000	208,000
—	(208,000)	(208,000)
16,115	—	16,115
13	198,867	763,114
—	(34,279)	(734,251)
<u>16,128</u>	<u>440,279</u>	<u>609,720</u>
—	58,512	58,512
—	(29,772)	(29,772)
(484)	208,071	193,558
360,860	233,120	1,594,530
<u>\$ 360,376</u>	<u>\$ 441,191</u>	<u>\$ 1,788,088</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—
Governmental Funds to the Statement of Activities**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

Net Change in Fund Balance – Total Governmental Funds.....	\$	193,558
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for component units. When the buildings are completed they are “transferred” to component units and are reported as expenses in the Statement of Activities. This is the amount by which capital outlays (\$356,583) exceeded depreciation (\$48,315) and buildings “transferred” to component units (\$78,529) in the current period. (Note 8)

229,739

In the Statement of Activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.

(1,894)

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available.

(166,774)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet operations, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

11,444

Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets. (Note 10)

Bond Issued	\$	(743,589)	
Premiums on Bonds Issued		(29,153)	
Payment to Refund Bonds		208,000	
Payment of Bond Principal		104,298	
Capital Lease Payments		1,148	
		<u> </u>	(459,296)

Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; interest on long-term debt unless certain conditions are met; and bond issue costs. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:

Postemployment Benefits Expenses	(24,012)	
Compensated Absences Expenses	(6,730)	
Arbitrage Interest Expense	755	
Accrued Interest on Bonds Payable	(457)	
Amortization of Bond Premiums	1,510	
Deferred Bond Issue Costs	2,620	
	<u> </u>	(26,314)

Change in Net Assets of Governmental Activities	\$	<u><u>(219,537)</u></u>
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The Notes to the Financial Statements are an integral part of this statement.

Proprietary Fund Financial Statements

Student Assistance Programs

These programs are comprised of two programs administered by the State Board of Regents: the Utah Higher Education Assistance Authority Student Loan Guarantee Program and the Student Loan Purchase Program. The purpose of these programs is to guarantee the repayment of student loans made by participating lenders to eligible student borrowers and to make loans to, and purchase the loans of, qualified students attending eligible institutions of higher education. Funds are acquired from the sale of bonds, lines-of-credit, variable rate demand notes, and financing agreements with the Student Loan Marketing Association.

Unemployment Compensation Fund

This fund pays claims for unemployment to eligible recipients and is funded through employer contributions and reimbursements, and federal grants.

Water Loan Programs

These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures. Capital for this fund has been provided from the General Fund or from general obligation bonds that have been repaid from general tax revenues. Additional funds have been generated by issuing revolving fund recapitalization revenue bonds that are secured by notes receivable in the fund and will be repaid from the collection of these notes.

Nonmajor Funds

Nonmajor enterprise funds are presented beginning on page 132.

Governmental Activities-Internal Service Funds

These funds are maintained to account for the operation of state agencies that provide goods or services to other state agencies and other governmental units on a cost-reimbursement basis. These funds are presented in more detail beginning on page 142.

State of Utah**Statement Of Net Assets
Proprietary Funds**

June 30, 2002

(Expressed in Thousands)

	Business-type Activities –Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 76,782	\$ 537,449	\$ 62,195	\$ 65,299
Investments	280,995	—	—	199
Receivables:				
Accounts, net	11,945	26,743	112	7,114
Accrued Interest	23,991	—	4,080	2,906
Accrued Taxes, net	—	—	2,575	—
Notes/Loans/Mortgages, net	96,548	—	21,378	13,668
Due From Other Funds	—	—	416	12,128
Prepaid Items	541	—	—	42
Inventories	—	—	—	17,005
Total Current Assets	<u>490,802</u>	<u>564,192</u>	<u>90,756</u>	<u>118,361</u>
Noncurrent Assets:				
Restricted Investments	54,479	—	825	—
Investments	—	—	—	1,629
Prepaid Items	—	—	—	—
Notes/Loans/Mortgages Receivables, net	936,520	—	403,442	213,807
Accrued Interest Receivable	—	—	3,698	346
Deferred Charges	7,793	—	—	—
Interfund Loans Receivable	—	—	—	80
Capital Assets:				
Land	—	—	—	12,195
Buildings and Improvements	8,001	—	—	22,582
Machinery and Equipment	1,345	—	—	9,639
Construction in Progress	—	—	—	1,153
Less Accumulated Depreciation	(730)	—	—	(12,112)
Total Capital Assets	<u>8,616</u>	<u>0</u>	<u>0</u>	<u>33,457</u>
Total Noncurrent Assets	<u>1,007,408</u>	<u>0</u>	<u>407,965</u>	<u>249,319</u>
Total Assets	<u>1,498,210</u>	<u>564,192</u>	<u>498,721</u>	<u>367,680</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	25,817	717	370	10,105
Securities Lending Liability	—	—	—	—
Deposits	—	56	—	—
Due To Other Funds	—	1,989	55	13,777
Interfund Loans Payable	—	—	—	—
Deferred Revenue	1,530	—	121	1,777
Policy Claims Liabilities	—	7,689	—	—
Revenue Bonds Payable	36,110	—	1,495	517
Capital Leases Payable	—	—	—	83
Total Current Liabilities	<u>63,457</u>	<u>10,451</u>	<u>2,041</u>	<u>26,259</u>
Noncurrent Liabilities:				
Accrued Liabilities	3,598	—	—	—
Deferred Revenue	4,171	—	—	—
Policy Claims Liabilities	—	—	—	—
Revenue Bonds Payable	1,191,263	—	2,640	22,562
Capital Leases Payable	—	—	—	13
Interfund Loans Payable	—	—	—	—
Arbitrage Liability	36,818	—	—	—
Total Noncurrent Liabilities	<u>1,235,850</u>	<u>0</u>	<u>2,640</u>	<u>22,575</u>
Total Liabilities	<u>1,299,307</u>	<u>10,451</u>	<u>4,681</u>	<u>48,834</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	621	—	—	20,715
Restricted for:				
Unemployment Compensation and Insurance Programs	—	553,741	—	—
Loan Programs	122,603	—	170,229	31,475
Debt Service	—	—	38,478	—
Unrestricted (Deficit)	75,679	—	285,333	266,656
Total Net Assets	<u>\$ 198,903</u>	<u>\$ 553,741</u>	<u>\$ 494,040</u>	<u>\$ 318,846</u>

The Notes to the Financial Statements are an integral part of this statement.

		Governmental Activities – Internal Service Funds
Total		
\$ 741,725	\$ 61,732	
281,194	106,565	
45,914	18,189	
30,977	775	
2,575	—	
131,594	—	
12,544	12,667	
583	5,226	
17,005	4,107	
<u>1,264,111</u>	<u>209,261</u>	
55,304	—	
1,629	30,547	
—	180	
1,553,769	—	
4,044	—	
7,793	91	
80	2,478	
12,195	17	
30,583	8,287	
10,984	190,427	
1,153	1,606	
(12,842)	(108,709)	
<u>42,073</u>	<u>91,628</u>	
<u>1,664,692</u>	<u>124,924</u>	
<u>2,928,803</u>	<u>334,185</u>	
37,009	17,629	
—	10,167	
56	167	
15,821	3,131	
—	25,211	
3,428	3,289	
7,689	50,891	
38,122	40	
83	—	
<u>102,208</u>	<u>110,525</u>	
3,598	—	
4,171	—	
—	75,818	
1,216,465	1,010	
13	—	
—	19,507	
36,818	—	
<u>1,261,065</u>	<u>96,335</u>	
<u>1,363,273</u>	<u>206,860</u>	
21,336	90,578	
553,741	61,365	
324,307	2,478	
38,478	—	
627,668	(27,096)	
<u>\$ 1,565,530</u>	<u>\$ 127,325</u>	

State of Utah**Statement Of Revenues, Expenses, And Changes In Fund Net Assets
Proprietary Funds**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Business-type Activities –Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
OPERATING REVENUES				
Sales and Charges for Services/Premiums	\$ 16,824	\$ 84,611	\$ 273	\$ 151,911
Fees and Assessments	3,464	—	16	3,012
Interest on Notes/Mortgages (net of Student Assistance Programs origination fee credit of \$3,249)	55,242	—	8,843	4,631
Federal Reinsurance and Allowances/Reimbursements	15,070	24,273	—	—
Miscellaneous	306	—	—	149
Total Operating Revenues	<u>90,906</u>	<u>108,884</u>	<u>9,132</u>	<u>159,703</u>
OPERATING EXPENSES				
Administration	31,261	—	—	23,671
Purchases, Materials, and Services for Resale	—	—	—	90,862
Grants	—	—	5,505	888
Rentals and Leases	—	—	—	1,462
Maintenance	—	—	—	1,066
Interest	29,367	—	—	—
Depreciation	406	—	—	1,872
Benefit Claims and Unemployment Compensation	—	272,924	—	—
Supplies and Other Miscellaneous	15,714	—	211	2,026
Total Operating Expenses	<u>76,748</u>	<u>272,924</u>	<u>5,716</u>	<u>121,847</u>
Operating Income (Loss)	<u>14,158</u>	<u>(164,040)</u>	<u>3,416</u>	<u>37,856</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	9,608	36,255	1,985	1,593
Federal Grants	—	62,553	14,525	1,370
Gain (Loss) on Sale of Fixed Assets	—	—	—	(136)
Tax Revenues	—	—	15,843	500
Interest Expense	—	—	(465)	(611)
Refunds Paid to Federal Government	—	—	—	—
Other Revenue (Expenses)	(2,918)	—	1,633	714
Total Nonoperating Revenues (Expenses)	<u>6,690</u>	<u>98,808</u>	<u>33,521</u>	<u>3,430</u>
Income (Loss) before Transfers	<u>20,848</u>	<u>(65,232)</u>	<u>36,937</u>	<u>41,286</u>
Transfers In	—	—	1,603	9,407
Transfers Out	—	—	(2,426)	(34,942)
Change in Net Assets	<u>20,848</u>	<u>(65,232)</u>	<u>36,114</u>	<u>15,751</u>
Net Assets – Beginning (as restated)	<u>178,055</u>	<u>618,973</u>	<u>457,926</u>	<u>303,095</u>
Net Assets – Ending	<u>\$ 198,903</u>	<u>\$ 553,741</u>	<u>\$ 494,040</u>	<u>\$ 318,846</u>

The Notes to the Financial Statements are an integral part of this statement.

		Governmental Activities – Internal Service Funds
Total		
\$ 253,619	\$ 486,522	
6,492	—	
68,716	—	
39,343	—	
455	89	
<u>368,625</u>	<u>486,611</u>	
54,932	41,940	
90,862	51,737	
6,393	379	
1,462	5,146	
1,066	15,826	
29,367	—	
2,278	20,125	
272,924	309,872	
17,951	33,044	
<u>477,235</u>	<u>478,069</u>	
<u>(108,610)</u>	<u>8,542</u>	
49,441	5,492	
78,448	542	
(136)	(824)	
16,343	—	
(1,076)	(54)	
—	(1,568)	
(571)	240	
<u>142,449</u>	<u>3,828</u>	
33,839	12,370	
11,010	3,631	
<u>(37,368)</u>	<u>(4,557)</u>	
7,481	11,444	
1,558,049	115,881	
<u>\$ 1,565,530</u>	<u>\$ 127,325</u>	

State of Utah**Statement Of Cash Flows
Proprietary Funds**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Business-type Activities –Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 55,791	\$ 85,164	\$ 8,899	\$ 176,658
Receipts from Loan Maturities	178,234	—	22,784	13,208
Receipts Federal Reinsurance & Allowances/Reimburse ..	23,501	22,024	—	—
Receipts from State Customers	903	—	—	9,553
Student Loan Disbursements Received from Lenders	246,404	—	—	—
Student Loan Disbursements Sent to Schools	(246,420)	—	—	—
Payments to Suppliers/Claims/Grants	(25,669)	(269,823)	(4,726)	(96,569)
Disbursements for Loans Receivable	(239,274)	—	(66,037)	(37,566)
Payments on Loan Guarantees	(21,515)	—	—	—
Payments for Employee Services and Benefits	(4,415)	—	—	(19,629)
Payments to State Suppliers	(802)	—	(1,154)	(4,389)
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	(24,974)
Net Cash Provided (Used) by Operating Activities	(33,262)	(162,635)	(40,234)	16,292
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	8,945
Repayments Under Interfund Loans	—	—	—	(8,420)
Receipts from Bonds, Notes, and Deposits	194,265	8	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(10,909)	(7)	(4,540)	—
Interest Paid on Bonds, Notes, and Financing Costs	(35,204)	—	(659)	—
Federal Grants and Other Revenues	—	62,553	16,758	2,049
Restricted Sales Tax	—	—	16,081	500
Transfers In from Other Funds	—	—	1,603	8,672
Transfers Out to Other Funds	—	—	(2,426)	(33,533)
Net Cash Provided (Used) by Noncapital Financing Activities	148,152	62,554	26,817	(21,787)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Proceeds from Bond and Note Debt Issuance/Grants	8,195	—	—	1,383
Proceeds from Disposition of Capital Assets	—	—	—	10
Federal Grants and Other Revenues	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	(553)
Acquisition and Construction of Capital Assets	(8,749)	—	—	(3,538)
Interest Paid on Bonds, Notes, and Capital Leases	(136)	—	—	(550)
Transfers In from Other Funds	—	—	—	735
Transfers Out to Other Funds	—	—	—	(1,409)
Net Cash Provided (Used) by Capital and Related Financing Activities	(690)	0	0	(3,922)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	448,169	—	10,985	36,614
Receipts of Interest and Dividends from Investments	9,243	36,255	1,998	1,449
Payments to Purchase Investments	(559,364)	—	(8,349)	—
Net Cash Provided (Used) by Investing Activities	(101,952)	36,255	4,634	38,063
Net Cash Provided (Used) – All Activities	12,248	(63,826)	(8,783)	28,646
Cash and Cash Equivalents – Beginning	64,534	601,275	70,978	36,653
Cash and Cash Equivalents – Ending	\$ 76,782	\$ 537,449	\$ 62,195	\$ 65,299

The Notes to the Financial Statements are an integral part of this statement.

Total	Governmental Activities – Internal Service Funds
\$ 326,512	\$ 181,136
214,226	—
45,525	—
10,456	312,126
246,404	—
(246,420)	—
(396,787)	(367,121)
(342,877)	—
(21,515)	—
(24,044)	(41,139)
(6,345)	(44,465)
(24,974)	—
<u>(219,839)</u>	<u>40,537</u>
8,945	—
(8,420)	—
194,273	—
(15,456)	(1,568)
(35,863)	—
81,360	542
16,581	—
10,275	457
(35,959)	(4,557)
<u>215,736</u>	<u>(5,126)</u>
0	2,605
0	(3,540)
9,578	—
10	3,484
0	122
(553)	(35)
(12,287)	(23,378)
(686)	(58)
735	3,129
(1,409)	—
<u>(4,612)</u>	<u>(17,671)</u>
495,768	69,966
48,945	6,402
(567,713)	(50,256)
<u>(23,000)</u>	<u>26,112</u>
(31,715)	43,852
773,440	17,880
<u>\$ 741,725</u>	<u>\$ 61,732</u>

Continues

Statement Of Cash Flows
Proprietary Funds

Continued

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Business-type Activities –Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 14,158	\$ (164,040)	\$ 3,416	\$ 37,856
Adjustments to Reconcile Operating Income (Loss)				
Depreciation Expense	406	—	—	1,872
Interest Expense for Noncapital and Capital Financing	29,012	—	—	—
Miscellaneous Gains, Losses, and Other Items	3,755	—	—	479
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	(6,753)	(1,986)	23	1,096
Notes/Accrued Interest Receivables	(79,911)	—	(43,879)	(24,166)
Inventories	—	—	—	(1,227)
Prepaid Items	129	—	—	17
Accrued Liabilities/Due to Other Funds	5,325	(1,000)	206	130
Deferred Revenue/Deposits	617	—	—	235
Policy Claims Liabilities	—	4,391	—	—
Net Cash Provided (Used) by Operating Activities	<u>\$ (33,262)</u>	<u>\$ (162,635)</u>	<u>\$ (40,234)</u>	<u>\$ 16,292</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	\$ —	\$ —	\$ (149)	\$ (129)
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (149)</u>	<u>\$ (129)</u>

The Notes to the Financial Statements are an integral part of this statement.

	Governmental Activities – Internal Service Funds
<u>Total</u>	
\$ (108,610)	\$ 8,542
2,278	20,125
29,012	—
4,234	—
(7,620)	3,217
(147,956)	150
(1,227)	(277)
146	3,065
4,661	(2,777)
852	509
4,391	7,983
<u>\$ (219,839)</u>	<u>\$ 40,537</u>
<u>\$ (278)</u>	<u>\$ (528)</u>
<u><u>\$ (278)</u></u>	<u><u>\$ (528)</u></u>

Fiduciary Fund Financial Statements

Pension Trust Funds

These funds are used to account for the activities of the Utah Retirement Systems.

Investment Trust Fund

This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

Private Purpose Trusts

These funds are used to report resources of all other trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Agency Funds

Agency funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals.

Individual funds are presented by fund type beginning on page 152.

State of Utah**Statement Of Fiduciary Net Assets
Fiduciary Funds**

June 30, 2002

(Expressed in Thousands)

	Pension Trust Funds	Investment Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	\$ 589,267	\$ 133,988	\$ 20,034	\$ 59,757
Investments	15,396,101	3,095,004	301,065	9,847
Receivables:				
Accounts	23	—	2,975	16
Contributions	24,480	—	—	—
Investments	178,738	—	—	—
Accrued Interest	—	17,656	—	—
Accrued Assessments	—	—	6,454	—
Due From Other Funds	—	—	60	4,610
Land	1,779	—	264	—
Buildings and Improvements	10,587	—	4,579	—
Machinery and Equipment	2,984	—	198	—
Less Accumulated Depreciation	(9,838)	—	(882)	—
Total Assets	<u>16,194,121</u>	<u>3,246,648</u>	<u>334,747</u>	<u>\$ 74,230</u>
LIABILITIES				
Accounts Payable	432,485	—	1,961	—
Securities Lending Liability	1,602,071	—	—	—
Due To Other Funds	—	—	2,338	—
Due To Other Individuals or Groups	—	—	—	29,201
Due To Other Taxing Units	—	—	—	45,029
Deferred Revenue	—	—	285	—
Leave/Postemployment Benefits	1,565	—	—	—
Policy Claims Liabilities/Insurance Reserves	46,977	—	389,830	—
Total Liabilities	<u>2,083,098</u>	<u>0</u>	<u>394,414</u>	<u>\$ 74,230</u>
NET ASSETS				
Held in trust for:				
Pension Benefits	12,581,460	—	—	—
Deferred Compensation	1,529,563	—	—	—
Pool Participants	—	3,246,648	—	—
Individuals, Organizations, and Other Governments	—	—	(59,667)	—
Total Net Assets	<u>\$ 14,111,023</u>	<u>\$ 3,246,648</u>	<u>\$ (59,667)</u>	—
Participant Account Balance Net Asset Valuation Factor		<u>0.997257</u>		

The Notes to the Financial Statements are an integral part of this statement.

State of Utah**Statement Of Changes In Fiduciary Net Assets
Fiduciary Funds**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Pension Trust Funds	Investment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	\$ 182,597	\$ —	\$ 206,623
Employer	387,551	—	—
Court Fees and Fire Insurance Premiums	10,400	—	—
Total Contributions	<u>580,548</u>	<u>0</u>	<u>206,623</u>
Pool Participant Deposits	<u>—</u>	<u>4,750,709</u>	<u>—</u>
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	(1,095,194)	(8,936)	(26,977)
Interest, Dividends, and Other Investment Income	386,070	111,059	4,545
Less Investment Expenses	(23,811)	(85)	—
Net Investment Income	<u>(732,935)</u>	<u>102,038</u>	<u>(22,432)</u>
Other Additions:			
Escheats	—	—	8,350
Royalties and Rents	—	—	2,872
Fees, Assessments, and Revenues	—	—	56,947
Miscellaneous	—	—	2,985
Total Other	<u>0</u>	<u>0</u>	<u>71,154</u>
Total Additions	<u>(152,387)</u>	<u>4,852,747</u>	<u>255,345</u>
DEDUCTIONS			
Pension Benefits	444,621	—	—
Refunds/Plan Distributions	78,386	—	—
Earnings Distribution	—	104,353	—
Pool Participant Withdrawals	—	4,550,084	—
Trust Operating Expenses	—	—	34,483
Distributions and Benefit Payments	—	—	24,014
Administrative and General Expenses	12,440	—	9,432
Payments to Primary Government	—	—	1,579
Total Deductions	<u>535,447</u>	<u>4,654,437</u>	<u>69,508</u>
Change in Net Assets Held in Trust for:			
Pension Benefits	(725,060)	—	—
Deferred Compensation	37,226	—	—
Pool Participants	—	198,310	—
Individuals, Organizations, and Other Governments	—	—	185,837
Net Assets – Beginning (as restated)	<u>14,798,857</u>	<u>3,048,338</u>	<u>(245,504)</u>
Net Assets – Ending	<u>\$ 14,111,023</u>	<u>\$ 3,246,648</u>	<u>\$ (59,667)</u>

The Notes to the Financial Statements are an integral part of this statement.

Component Unit Financial Statements

Utah Housing Corporation

The Corporation was created to provide an alternative source of funding for home mortgages, particularly for lower income families. It is funded entirely through the issuance of bonds, which are repaid from the interest and principal payments made on mortgages.

University of Utah and Utah State University

These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

Nonmajor Component Units

Nonmajor component units are presented beginning on page 164.

State of Utah**Combining Statement Of Net Assets
Component Units**

June 30, 2002

(Expressed in Thousands)

	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 327,517	\$ 172,566	\$ 126,584	\$ 127,684	\$ 754,351
Investments	—	47,569	1,512	43,686	92,767
Receivables:					
Accounts, net	—	188,333	44,827	22,381	255,541
Notes/Loans/Mortgages, net	16,777	4,019	12,017	4,606	37,419
Accrued Interest	8,244	3,507	—	617	12,368
Prepaid Items	1,966	—	818	4,705	7,489
Inventories	—	21,047	3,504	8,315	32,866
Deferred Charges	—	9,142	—	395	9,537
Total Current Assets	<u>354,504</u>	<u>446,183</u>	<u>189,262</u>	<u>212,389</u>	<u>1,202,338</u>
Noncurrent Assets:					
Restricted Investments	63,038	234,970	34,925	79,871	412,804
Restricted Receivables, net	—	9,728	203	7,165	17,096
Investments	61,998	258,165	9,377	20,010	349,550
Prepaid Items	—	—	—	5,436	5,436
Notes/Loans/Mortgages Receivables, net	955,325	26,656	6,154	18,417	1,006,552
Deferred Charges	16,507	26,086	—	—	42,593
Capital Assets (net of Accumulated Depreciation)	1,237	1,027,811	307,045	683,675	2,019,768
Total Noncurrent Assets	<u>1,098,105</u>	<u>1,583,416</u>	<u>357,704</u>	<u>814,574</u>	<u>3,853,799</u>
Total Assets	<u>1,452,609</u>	<u>2,029,599</u>	<u>546,966</u>	<u>1,026,963</u>	<u>5,056,137</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	38,475	86,414	33,056	19,174	177,119
Deposits	—	—	8,109	1,032	9,141
Due To Primary Government	—	24,327	867	3,822	29,016
Deferred Revenue	—	21,478	21,360	15,151	57,989
Policy Claims Liabilities	—	60,487	—	2,486	62,973
Current Portion of Long-term Liabilities (Note 10)	108,543	21,871	12,984	15,996	159,394
Total Current Liabilities	<u>147,018</u>	<u>214,577</u>	<u>76,376</u>	<u>57,661</u>	<u>495,632</u>
Noncurrent Liabilities:					
Accrued Liabilities	2,079	—	—	581	2,660
Deferred Revenue	—	—	854	288	1,142
Deposits	—	8,673	—	1,979	10,652
Long-term Liabilities (Note 10)	1,118,879	340,055	37,290	92,266	1,588,490
Total Noncurrent Liabilities	<u>1,120,958</u>	<u>348,728</u>	<u>38,144</u>	<u>95,114</u>	<u>1,602,944</u>
Total Liabilities	<u>1,267,976</u>	<u>563,305</u>	<u>114,520</u>	<u>152,775</u>	<u>2,098,576</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	1,237	694,102	272,181	590,778	1,558,298
Restricted for:					
Nonexpendable:					
Higher Education	—	200,551	47,665	61,362	309,578
Expendable:					
Higher Education	—	261,251	65,015	114,986	441,252
Debt Service	141,838	—	—	—	141,838
Other	—	—	—	37	37
Unrestricted	41,558	310,390	47,585	107,025	506,558
Total Net Assets	<u>\$ 184,633</u>	<u>\$ 1,466,294</u>	<u>\$ 432,446</u>	<u>\$ 874,188</u>	<u>\$ 2,957,561</u>

The Notes to the Financial Statements are an integral part of this statement.

State of Utah**Combining Statement Of Activities
Component Units**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units	Total
Expenses	\$ 79,330	\$ 1,631,743	\$ 376,943	\$ 632,966	\$ 2,720,982
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	105,145	69,016	167,242	341,403
Scholarship Allowances	—	(8,525)	(22,213)	(30,154)	(60,892)
Sales, Services, and Other Revenues (net of University of Utah charity care of \$15,743)	88,020	997,469	55,960	85,367	1,226,816
Operating Grants and Contributions	1,996	276,197	146,984	118,561	543,738
Capital Grants and Contributions	—	42,176	41,706	20,631	104,513
Total Program Revenues	90,016	1,412,462	291,453	361,647	2,155,578
Net (Expenses) Revenues	10,686	(219,281)	(85,490)	(271,319)	(565,404)
General Revenues:					
State Appropriations	—	237,169	129,039	271,311	637,519
Unrestricted Investment Income	—	—	—	345	345
Permanent Endowments Contributions	—	16,287	1,005	4,462	21,754
Special Item: Technology Finance Corporation					
Liquidation Transfers	—	—	—	(9,944)	(9,944)
Total General Revenues and Special Item	0	253,456	130,044	266,174	649,674
Change in Net Assets	10,686	34,175	44,554	(5,145)	84,270
Net Assets – Beginning (as restated)	173,947	1,432,119	387,892	879,333	2,873,291
Net Assets – Ending	\$ 184,633	\$ 1,466,294	\$ 432,446	\$ 874,188	\$ 2,957,561

The Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

Fiscal Year Ended June 30, 2002

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the State of Utah conform in all material respects with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. As discussed in Note 2, the State implemented significant new financial reporting standards for the fiscal year ended June 30, 2002, which affect the comparability with reports issued in prior years. Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

A. Reporting Entity

For financial reporting purposes, the State of Utah reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, boards, commissions, and authorities that are considered an integral part of the State's activities. The State's component units are legally separate organizations for which the State's elected officials are financially accountable.

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and either: 1) the ability of the State to impose its will on that organization or; 2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. Where the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the reporting entity if an organization is fiscally dependent on the State or the relationship is such that it would be misleading to exclude it.

Except where noted below, the State's component units issue their own separate audited financial statements as special-purpose governments engaged only in business-type activities. These financial statements can be obtained from their respective administrative offices or from the Utah State Auditor's Office, 211 State Capitol, Salt Lake City, UT 84114.

Entities such as the local school districts and local authorities of various kinds that may only partially meet the criteria for inclusion in this report have not been included. (The State's support of the public education system is reported in the Uniform School Fund, a special revenue fund.)

Blended Component Units

Blended component units are entities which are legally separate from the State but which are so intertwined with the State that they are, in substance, the same as the State. They are reported as part of the primary government and blended into the appropriate funds.

Utah State Building Ownership Authority (blended with the primary government's debt service and capital projects funds) — The Authority was created by the Legislature as a body politic and corporate for the purpose of financing, owning, leasing and operating facilities to meet the needs of state government. It is comprised of seven voting members who are appointed by the Governor, and the State Budget Officer or designee. Separate financial statements are not required or issued for the Authority.

Discrete Component Units

Discretely presented component units are reported in a separate column and rows in each of the government-wide statements to emphasize that they are legally separate from the State. These component units are included in the reporting entity because under the criteria established by GASB, the State has the ability to impose its will on these organizations. The Governor appoints at least a majority of the governing board members of each of the State's component units, subject in most cases to approval by the Senate. The Governor-appointed board members can be replaced at will, except for colleges, universities, and the Comprehensive Health Insurance Pool, which are included as component units due to the level of oversight provided by the State.

The State's major discrete component units are:

- Utah Housing Corporation — The Corporation issues bonds to provide capital for housing and home mortgages, especially for low and moderate income families. Operations are financed from bond proceeds and from mortgage and investment interest and fees.
- University of Utah and Utah State University — These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

The State's nonmajor discrete component units are:

- Comprehensive Health Insurance Pool — The Pool is a nonprofit quasi-governmental entity established within the State Insurance Department. It provides access to health insurance coverage for residents of the State who are considered uninsurable.
- Heber Valley Historic Railroad Authority — The Authority is an independent state agency which maintains and operates a scenic and historic railroad in and around the Heber Valley. The Authority has a separate compilation report, but separate audited financial statements are not required or issued for it.
- Utah State Fair Corporation — This is a nonprofit public corporation that operates the State Fair Park and conducts the Utah State Fair and other various expositions and entertainment events. It receives state appropriations for operations and working capital.
- Utah Science Center Authority — The Authority is an independent state agency created to provide a means to foster the development of science, arts, tourism, and cultural and educational facilities. Separate audited financial statements are not required or issued for the Authority.
- Utah Technology Finance Corporation — This is an independent corporation which encouraged and assisted in the growth of technological and small businesses throughout the State. The Corporation's enabling legislation has been repealed and the Corporation is currently being liquidated. During the year ended June 30, 2002, the Corporation transferred its non-State programs to an unrelated non-profit corporation and returned to the State a portion of the State's equity in the

Corporation. The Corporation will transfer any remaining liquidation proceeds to the State before the Corporation's final dissolution on June 30, 2003.

- Colleges and Universities — Weber State University, Southern Utah University, Salt Lake Community College, Utah Valley State College, Dixie State College of Utah, College of Eastern Utah, Snow College, and the College of Applied Technology. Separate audited financial statements are not required or issued for the College of Applied Technology; however, its significant branch campuses each issue separate audited financial statements.

Fiduciary Component Units

Utah Retirement Systems (pension trust funds) — Utah Retirement Systems administers pension funds for various public employee retirement systems and plans of the State and its political subdivisions. Utah Retirement Systems is an independent state agency subject to legislative and executive department budgetary examination and comment. A seven-member board is established by statute to administer the systems and plans, and to serve as investment trustees of the funds. Six members are appointed by the Governor with the advice and consent of the Senate, while the State Treasurer serves as the seventh member. Because of the State's trustee responsibilities for these systems and plans, GAAP requires them to be reported as pension trust funds of the primary government rather than discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

Related Organization (Excluded from Financial Statements)

Workers' Compensation Fund — This fund is a nonprofit quasi-governmental corporation that provides workers' compensation insurance to private and public employers. The Governor appoints the Fund's board of directors, but the State's financial accountability for the Fund does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the reporting entities' non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program

revenues. Direct expenses are those that are clearly identifiable within a specific function. The State does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. For governmental and proprietary funds financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Nonexchange transactions, in which the State receives value without directly giving equal value in exchange, include taxes, grants, and donations. Tax revenue is recognized in the fiscal year in which the related sales, wages, or activity being taxed occurred. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been met.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers tax and other revenues to be available if the revenues are collected within 45 days after yearend. An exception to this policy is federal grant revenues, which are considered to be available if collection is expected within 12 months after yearend.

Expenditures are generally recorded when the related liability is incurred, as under the accrual basis of accounting. However, expenditures for principal and interest on long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payments of interest to be made early in the following year. Also, expenditures and related liabilities for compensated absences, postemployment benefits, and claims and judgments are recorded only to the extent they have matured (come due for payment).

Major Governmental Funds — The State reports the following major governmental funds:

- **General Fund.** This fund is the principal operating fund of the State. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Uniform School Fund.** This special revenue fund accounts mainly for revenues and expenditures that support public elementary and secondary schools in the State.
- **Transportation Fund.** This special revenue fund accounts for revenues and expenditures associated with highway construction and maintenance.
- **Centennial Highway Fund.** This special revenue fund was created by the Legislature to account for specific highway projects.
- **Trust Lands Fund.** This is a permanent fund that accounts for land grants and the sale of such lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used mainly to support public education.

Nonmajor Governmental Funds — The State's nonmajor governmental funds include other special revenue funds, capital projects funds, and debt service funds. The nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. Examples include tobacco settlement monies, environmental activities, crime victim reparations and rural development programs. The capital projects funds account for the resources used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds. The debt service funds account for resources used for the payment of interest and principal on general long-term debt obligations.

Proprietary Fund Financial Statements

The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described above. Proprietary funds include both enterprise and internal service fund types. Enterprise funds report the activities for which fees are charged to external users for goods or services. Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public.

The proprietary funds follow all GASB pronouncements and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. In addition, as allowed by GASB standards, the following enterprise funds have elected to apply all applicable FASB pronouncements issued after November 30, 1989, that do not conflict with GASB standards: Student Assistance Programs (major enterprise fund) and Utah Dairy Commission (nonmajor enterprise fund).

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally

result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as nonoperating.

Major Enterprise Funds — The State reports the following major enterprise funds in its proprietary fund statements:

- **Student Assistance Programs.** These programs make loans to, and purchase loans of, qualified students attending eligible higher education institutions. The programs also guarantee the repayment of student loans made by participating lenders to eligible students.
- **Unemployment Compensation Fund.** This fund pays claims for unemployment to eligible recipients.
- **Water Loan Programs.** This fund provides loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures.

Nonmajor Enterprise Funds — The State's nonmajor enterprise funds include loan programs for communities, low-income housing, agricultural and other purposes; Alcoholic Beverage Control (state liquor stores); and correctional industries.

Internal Service Funds — The State also reports the internal service fund type in the proprietary funds statements. The activities accounted for in internal service funds include employee health insurance, information technology, fleet operations, risk management, copy and mail services, debt collection, and property management. In the government-wide financial statements, internal service funds are included with governmental activities.

Fiduciary Fund Financial Statements

The fiduciary funds account for assets held by the State in a trustee capacity or as an agent for other individuals or organizations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following fiduciary fund types are reported:

Pension Trust Funds — These funds account for the transactions, assets, liabilities, and fund equity of the retirement systems and plans administered by Utah Retirement Systems.

Investment Trust Fund — This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

Private Purpose Trust Funds — These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. Examples include the Utah Navajo Nation Trust, Unclaimed Property Trust, Employers' Reinsurance Trust, Petroleum Storage Tank Trust, and the Utah Education Savings Plan Trust.

Agency Funds — These funds account for assets held by the State as an agent for other governmental units, other organizations, or

individuals, such as fines, forfeitures, tax collections, and withholding taxes for employees.

Component Unit Financial Statements

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component unit's column of the government-wide statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units follow all GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

D. Fiscal Year Ends

All funds and discretely presented component units are reported using fiscal years which end on June 30, except the pension trust funds (fiduciary funds) and the Utah Dairy Commission (a nonmajor enterprise fund), which have fiscal years ending December 31.

E. Assets, Liabilities, and Net Assets/Fund Balances

Cash and Cash Equivalents and Investments

Cash and investment management in the State is administered by the State Treasurer in accordance with the Money Management Act, Section 51-7 of the *Utah Code*. The Act specifies the investments that may be made, which are only high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The investments include variable rate corporate notes and obligations of U.S. government agencies which base their rates on standard quoted money market indexes that have a direct correlation to the federal funds rate and, therefore, there is very little market risk because the investments follow the normal swings of interest rates. The Pension Trust Funds; Utah Housing Corporation and Utah Technology Finance Corporation (component units); and Utah Public Employees Group Insurance (internal service fund) are exempt from the Act; however, they are governed statutorily by the prudent man rule. The Pension Trust Funds are invested in domestic and international equities and fixed income, corporate and government bonds, short-term securities, real estate and real estate mortgages, joint ventures, and venture capital.

- Cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date. The Student Assistance Programs (enterprise fund) use a trustee for their long-term investing needs, and they consider any cash and cash equivalents held by their trustee as investments.
- All cash deposited with the State Treasurer by state entities is maintained by the Treasurer in various pooled investment funds. The State Treasurer invests the deposited cash, including the cash float, in short-term securities and other investments. All interest revenue is allocated to the General Fund unless state law or trust agreements require allocations of

interest to other funds. Funds authorized to receive interest earnings are segregated into separate investment pools, and interest is allocated based on cash balances in the pool.

- Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, have determined the fair values for the individual investments. Investments held as security deposits which are not held for investment purposes are carried at cost. The Utah Retirement Systems (pension trust funds) mortgages are valued on an amortized cost basis which approximates fair value, and the fair value of real estate investments has been estimated based on independent appraisals.
- The State's Unemployment Compensation Fund (enterprise fund) monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.
- Utah Retirement Systems (pension trust funds) held two types of derivative financial instruments at yearend: futures and currency forwards. Futures contracts are traded on organized exchanges to minimize credit risk. Currency forwards are entered into in order to hedge the exposure to changes in foreign currency exchange rates on foreign currency dominated portfolio holdings. Utah Housing Corporation (major component unit) enters into various rate swap contracts in order to increase funding capabilities. The Corporation sells variable rate bonds and minimizes the inherent risk with the use of floating-to-fixed interest rate swap contracts. See Note 3 for additional information about derivatives.

Receivables

Accounts receivables in the governmental and business-type activities consist mainly of amounts due from the Federal Government, customers, and others. Receivables from the Federal Government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Notes/mortgages receivable for governmental and business-type activities are primarily long-term loans for local governments and agricultural development, home mortgages, and individual student loans. The interest rates on the loans vary but are generally lower than market rates and, in some cases, are non-interest bearing. Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 98 percent of their principal balance.

Accrued taxes include receivables for taxpayer-assessed taxes where the underlying exchange has occurred in the period ending June 30 or prior, net of applicable estimated refunds and allowances.

Note 5 provides a disaggregation of governmental and business-type receivables, including a breakout of current/noncurrent balances and established allowances.

Inventories and Prepaid Items

Proprietary funds and component units inventories are valued at the lower of cost or market. Cost evaluation methods include first-in-first-out (FIFO), last-in-first-out (LIFO), average cost, weighted average, weighted moving average, and retail inventory method.

Governmental fund inventories are recorded as expenditures when purchased except for the following which are recorded as expenditures when consumed: inventories for the Transportation Fund, and food stamps coupon inventories in the General Fund. Transportation Fund inventories are valued using a weighted average cost.

Prepaid items related to governmental funds are immaterial and recorded as expenditures in the governmental funds financial statements when paid.

Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure (roads, bridges, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Assets. Capital assets of proprietary funds and fiduciary funds are also recorded in their respective fund statements. Capital assets are defined by the State as assets which cost \$5 thousand or more when acquired and have an estimated useful life greater than one year. Purchased or constructed capital assets are recorded at cost or at estimated historical cost where historical cost is not available. Donated fixed assets are valued at their estimated fair value at the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital facilities related to business-type activities and component units is immaterial and is not capitalized in all cases.

Buildings, equipment, and other depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Equipment	3-15
Aircraft and Heavy Equipment	5-30
Buildings and Improvements	30-40
Land Improvements	5-20
Infrastructure	15-80

As provided by GASB standards, the State has elected to use the "modified approach" to account for infrastructure assets (roads and bridges) maintained by the State's Department of Transportation. Under this approach, depreciation expense is not recorded and only improvements which expand the capacity or efficiency of an infrastructure asset are capitalized. Using this approach requires the State to: 1) maintain an inventory of the assets and perform periodic condition assessments; 2) estimate each year the annual amount to maintain and preserve the assets at the condition level set by the

State; and 3) document that the assets are being preserved approximately at or above the condition level set by the State.

Most works of art and historical treasures are not capitalized or depreciated. These assets cannot be reasonably valued and have inexhaustible useful lives or are maintained in perpetuity. These assets include the State Fine Art Collection, photographs, prints, paintings, historical documents and artifacts, monuments, statues, and paleontological and archaeological collections.

Accrued Liabilities

Accrued liabilities include the liability for employee payrolls and liabilities accruing over time where demand for payment is due shortly after fiscal yearend. See Note 6 for additional information about accrued liabilities.

Deferred Revenue

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, deferred revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, deferred revenue is recorded when revenue is either unearned or unavailable. Deferred revenues for the Student Assistance Programs (enterprise fund) are primarily guarantee fees which are recognized as income over a period of ten years using the sum-of-the-years-digits method.

Policy Claims Liabilities

Policy claims liabilities are for insurance claims incurred prior to the reporting date and are based on actuarial estimates.

Long-term Liabilities

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method or straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments to the federal government at least once every five years over the life of the bonds. Some State of Utah

bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations.

Arbitrage liability is treated as an expense on the government-wide Statement of Net Assets when the liability is recognized. Arbitrage liability is recorded as an expenditure in the governmental funds financial statements when the liability is due. At June 30, 2002, the total estimated arbitrage rebate liability in the Student Assistance Programs (enterprise fund) was \$36.830 million, of which \$32.633 million represents yield reduction payments and \$4.197 million represents the estimated liabilities for non-purpose interest. Other arbitrage liabilities are immaterial.

Compensated Absences and Leave/Postemployment Benefits

Employees' vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 40 days may be carried forward at the beginning of each calendar year. Unused vacation leave is paid to employees upon termination.

Employees earn sick leave at a rate of four hours for each two week period, with no limit to the amount that can be accumulated. The State does not reimburse employees for unused sick leave upon termination except employees eligible for retirement. Sick leave is expended when used. At retirement, for participating agencies, the State will pay an employee up to 25 percent of the employee's accumulated sick leave and will pay for premiums to maintain health and life insurance coverage for up to five years or until the employee turns age 65, whichever comes first. The employee may use any remaining sick leave balances to acquire health insurance to age 65, and since fiscal year 1999, health insurance for the employee's spouse until they reach age 65, and Medicare supplement insurance after age 65 for both the employee and their spouse. An estimate of the liability for the above leave and retirement benefits has been recorded in the governmental activities column of the government-wide Statement of Net Assets.

The State maintains compensated absences and postemployment benefit pools within the General Fund, Uniform School Fund, and Transportation Fund. The ongoing payments from the pools are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used. Payment of leave balances at termination and payment of postemployment benefits are made from the compensated absences and postemployment benefit pools. Proprietary funds and private purpose trust funds of the primary government also participate in the pools and have no liability for leave or postemployment benefits once their contributions to the pools have been made.

The total liability of the governmental activities for vacation leave and postemployment benefits is recorded in the government-wide Statement of Net Assets. However, in accordance with GAAP, the liability is not recorded in the governmental funds financial statements. See Notes 10 and 18 for additional information about the liability.

Compensatory time for overtime worked may be earned up to a maximum of 80 hours. Any overtime exceeding 80 hours is paid when earned. In accordance with GAAP, compensatory time is expended when the leave is taken in governmental funds, but is expensed when earned for budgetary purposes.

Vacation earnings, sick leave earnings, and postemployment benefits policies vary slightly among component units and from the primary government's policies. Vacation leave is expended when earned and sick leave is expended when used.

Net Assets/Fund Balances

The difference between assets and liabilities is "Net Assets" on the government-wide, proprietary fund, and fiduciary funds financial statements, and "Fund Balance" on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as reserved, designated, or unreserved. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

F. Revenues and Expenditures/Expenses

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. However, the State has some programs that are funded by appropriations from both unrestricted resources and resources required by law to be deposited in a specific subfund for a specific purpose (which may include restricted resources). In those instances, it is the State's policy to expend those resources proportionally based on the amounts appropriated from each source.

Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met.

Federal grants include nonmonetary transactions for food and other commodities, and food stamps. Commodities revenue and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2002, the State reported revenue and expenditures of \$73.534 million for food assistance programs and \$4.119 million for commodities in the General Fund, and \$9.283 million for commodities in the Uniform School Fund (special revenue fund).

Investment Income

Investment income includes interest, dividends and other earnings, and the change in fair value of investments. Negative investment income is reported where the decrease in the fair value of investments due to market conditions exceeded the other components of investment income.

In accordance with state law, interest and dividend income from investments in the Trust Lands permanent fund and the Tobacco Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the Uniform School Fund and the General Fund,

respectively. One half of the applicable income reported in the General Fund is then transferred back into the Tobacco Endowment Fund to increase the principal in the fund as required by state law.

Retirement and Employee Benefit Costs

Most state employees participate in a pension system and/or plan administered by Utah Retirement Systems. Contributions collected for the pension systems and plans and the retirement benefits paid are both accounted for in the Pension Trust Funds. All costs for pension, health, and federal social security contributions in governmental fund types are reported as expenditures in the appropriate function. Benefit costs applicable to proprietary fund types are reflected as expenses in the proprietary funds.

G. Interfund Transactions

Government-wide Financial Statements

Interfund Activity — In general, eliminations have been made to minimize the double-counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Operating transfers between governmental and business-type activities are reported at the net amount.

Interfund Balances — Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

Governmental Fund Financial Statements

Interfund Activity — Interfund transactions for goods sold or services rendered for a price approximating their external exchange value, and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority. Transfers are presented in Note 13.

NOTE 2. ACCOUNTING CHANGES AND RESTATEMENTS

The State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ended June 30, 2002:

Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*,

Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*,

Statement 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*,

Statement 38, *Certain Financial Statement Note Disclosures*, and

Interpretation 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

Statement 34, as amended by Statement 37, establishes new financial reporting standards for state and local governments. The new standards significantly change the financial reporting model used by state governments, including changes in statement formats, fund types, and criteria for determining fund types. In addition to fund financial statements, government-wide financial statements presenting summarized information for governmental activities, business-type activities, and component units are now required. As discussed in Note 1, the government-wide financial statements are prepared using the accrual basis of accounting rather than the modified accrual basis of accounting used in the governmental fund financial statements. As a result of these new standards, fund reclassifications and adjustments to fund equities reported in the prior financial statements were required. Significant changes due to Statement 34 include requiring infrastructure assets (mainly roads and bridges) to be reported as capital assets, and requiring capital assets and general long-term obligations to be reported in the government-wide financial statements rather than in account groups. Infrastructure assets were previously excluded from the financial statements.

Statement 35 establishes new financial reporting standards for public colleges and universities within the reporting guidelines of Statement 34. All of the State's colleges and universities (component units) have adopted Statement 35. A significant change for colleges and universities is the requirement to depreciate capital assets. All but one of the State's colleges and universities previously did not recognize depreciation on capital assets.

Statement 38 requires certain note disclosures when Statement 34 is implemented.

As a result of additional guidance in Interpretation 6, liabilities for compensated absences and postemployment benefits previously reported in the General Fund, Uniform School Fund, and Transportation Fund are now reported only on the government-wide financial statements.

The provisions of these new standards have been incorporated into the financial statements and notes. The following table summarizes (in thousands) the changes to fund equities as previously reported and the beginning fund balances/net assets as restated and reported in these financial statements. These changes resulted primarily from implementing the new accounting standards. However, the Legislature created the College of Applied Technology (nonmajor component unit) effective for fiscal year 2002 and Applied Technology Centers became part of the newly created college. As a result, \$93.808 million of net assets of Applied Technology Centers previously reported in the Uniform School Fund and general fixed assets account group were reclassified as net assets of component units.

Restatement of Beginning Fund Balance/Net Assets
(Expressed in Thousands)

	June 30, 2001 As Previously Reported	Changes in Accounting Principle		June 30, 2001 As Restated
		Fund Reclassifications	Other	
Governmental Funds and Activities				
Major Funds:				
General Fund.....	\$ 708,067	\$ (286,759)	\$ 146,502	\$ 567,810
Uniform School Fund.....	218,745	(4,059)	28,041	242,727
Transportation Fund.....	95,302	—	30,778	126,080
Centennial Highway Fund.....	63,933	—	—	63,933
Trust Lands.....	—	372,224	(11,364)	360,860
Total Major Governmental Funds	<u>1,086,047</u>	<u>81,406</u>	<u>193,957</u>	<u>1,361,410</u>
Nonmajor Funds:				
Special Revenue Funds	30,566	62,103	1	92,670
Capital Projects	128,340	—	—	128,340
Debt Service.....	11,475	(219)	854	12,110
Total Nonmajor Governmental Funds	<u>170,381</u>	<u>61,884</u>	<u>855</u>	<u>233,120</u>
Total Governmental Funds—				
Fund Balances	<u>1,256,428</u>	<u>143,290</u>	<u>194,812</u>	<u>1,594,530</u>
Governmental Activities Adjustments:				
Capital Assets, Net of Depreciation	—	1,322,959	7,378,732	8,701,691
Revenue Recognition	—	—	382,314	382,314
Long-term Bonds, Notes and Leases Payable ...	—	(1,399,367)	(2,061)	(1,401,428)
Long-term Liabilities for Compensated Absences and Postemployment Benefits	—	(41,234)	(265,709)	(306,943)
Internal Service Fund Conversion.....	—	115,881	—	115,881
Total Governmental Activities Adjustments.....	<u>—</u>	<u>(1,761)</u>	<u>7,493,276</u>	<u>7,491,515</u>
Total Governmental Activities—Net Assets.....	<u>\$ 1,256,428</u>	<u>\$ 141,529</u>	<u>\$ 7,688,088</u>	<u>\$ 9,086,045</u>
Proprietary Funds and Business-type Activities				
Major Funds:				
Student Assistance Programs	\$ 178,055	\$ —	\$ —	\$ 178,055
Unemployment Compensation	—	599,964	19,009	618,973
Water Loan Programs.....	—	457,942	(16)	457,926
Nonmajor Funds:				
Nonmajor Enterprise Funds	65,336	237,821	(62)	303,095
Funds Previously Reported as Enterprise Funds	<u>8,127</u>	<u>(8,127)</u>	<u>—</u>	<u>0</u>
Total Enterprise Funds	<u>251,518</u>	<u>1,287,600</u>	<u>18,931</u>	<u>1,558,049</u>
Internal Service Fund Reclassification.....	412,541	(412,541)	—	0
Internal Service Fund Conversion.....	<u>115,881</u>	<u>(115,881)</u>	<u>—</u>	<u>0</u>
Total Enterprise Funds and Business-type Activities—Net Assets	<u>\$ 779,940</u>	<u>\$ 759,178</u>	<u>\$ 18,931</u>	<u>\$ 1,558,049</u>

continues below

Restatement of Beginning Fund Balance/Net Assets
(Expressed in Thousands)

		Changes in Accounting Principle		
	June 30, 2001 As Previously Reported	Fund Reclassifications	Other	June 30, 2001 As Restated
Fiduciary Funds				
Pension Trust Fund.....	\$ 14,583,252	\$ 215,605	\$ —	\$ 14,798,857
Investment Trust Fund.....	3,048,338	—	—	3,048,338
Private Purpose Trust Funds.....	—	(258,565)	13,061	(245,504)
Funds Previously Reported as				
Expendable Trust Funds	611,971	(611,971)	—	0
Fund Previously Reported as				
Nonexpendable Trust Fund.....	372,224	(372,224)	—	0
Total Fiduciary Funds—Net Assets	<u>\$ 18,615,785</u>	<u>\$ (1,027,155)</u>	<u>\$ 13,061</u>	<u>\$ 17,601,691</u>
Agency Funds—Total Assets.....	<u>\$ 70,829</u>	<u>\$ 5,839</u>	<u>\$ (2,685)</u>	<u>\$ 73,983</u>
Component Units				
Component Units—Net Assets.....	<u>\$ 3,845,097</u>	<u>\$ 93,808</u>	<u>\$ (1,065,614)</u>	<u>\$ 2,873,291</u>
Account Groups				
General Fixed Assets	\$ 1,417,730	\$ (1,417,730)	\$ —	\$ 0
General Long-term Obligations	(1,444,531)	1,444,531	—	0
Total Account Groups.....	<u>\$ (26,801)</u>	<u>\$ 26,801</u>	<u>\$ 0</u>	<u>\$ 0</u>

NOTE 3. DEPOSITS AND INVESTMENTS

Listed below is a summary of the deposit and investment portfolio that represents the cash and cash equivalents and investments on the June 30, 2002, balance sheet. Investing is governed by the prudent man rule, in accordance with the Money Management Act, Section 51–7, *Utah Code Annotated, 1953*, as amended. Except certain repurchase agreements, all securities of the primary government purchased or held and all evidence of deposits and investments must be in the custody of the State, or may be held by an agent in the State's name. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities.

A. Deposits

At June 30, 2002, the carrying amount of the State's deposits for the primary government was \$303.906 million and \$82.707 million for the component units. At June 30, 2002, the bank balance was \$204.412 million and \$110.911 million for the primary government and component units, respectively. Of the bank balance for the primary government, \$4.009 million was covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the State's agent in the name of the State. Of the bank balance for the component units, \$5.778 million was covered by the FDIC or by collateral held by the State's agent in the name of the State. The remaining deposits for the primary government and component units were uninsured and uncollateralized and were held by various financial institutions. The State of Utah does not require collateral on deposits. However, the State Commissioner of Financial Institutions monitors financial institutions monthly and establishes

limits for the deposit of public money at individual financial institutions.

B. Investments

Statutes authorize the State to invest in negotiable and non-negotiable certificates of deposit; repurchase and reverse repurchase agreements; commercial paper; bankers' acceptances; obligations of the U.S. Treasury and certain agencies of the U.S. Government; corporate obligations; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; shares or certificates in open-end managed money market mutual funds; and various other investments. Authorized investments are subject to certain restrictions. Certain state agencies and component units are also allowed by statute to invest in investment contracts, equity securities, real estate, and other investments. In addition to investments authorized by statute, bond proceeds are invested in other investments in accordance with the applicable bond resolutions. Investment types for Pension Trust Funds and certain other funds and component units are not restricted by state statute.

The following table provides information about the credit and market risks associated with the State's investments. Category 1 includes investments that are insured or registered, or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the State's name.

Credit and Market Risks of Investments –Primary Government
(Expressed in Thousands)

	Category			Fair Value
	1	2	3	
Repurchase Agreements	\$ —	\$ 331	\$ 33,397	\$ 33,728
U.S. Government Securities	832,460	4,153	—	836,613
Negotiable Certificates of Deposit	105	—	—	105
Commercial Paper	2,985	—	—	2,985
Corporate Bonds and Notes	7,263,166	—	—	7,263,166
Equity Securities	6,649,696	—	—	6,649,696
Total	<u>\$ 14,748,412</u>	<u>\$ 4,484</u>	<u>\$ 33,397</u>	14,786,293
Mutual and Escrow Funds				2,067,790
Investment Contracts				62,618
Investment in U.S. Treasury Investment Pool				533,654
Component Units Investment in Primary Government's Investment Pool				(380,296)
Real Estate				506,256
Real Estate Mortgages				3,363
Real Estate Joint Ventures				571,842
Venture Capital				677,600
Investments Held by Broker-Dealers Under Securities Lending Program:				
U.S. Government Securities				441,748
Equity Securities				907,058
Corporate Bonds and Notes				209,511
Securities Lending Short-Term Collateral Investment Pool				1,612,238
Total Investments				<u>\$ 21,999,675</u>

The Pension Trust Funds own approximately 68 percent of the investments that are in Category 1.

Credit and Market Risks of Investments –Component Units
(Expressed in Thousands)

	Category			Fair Value
	1	2	3	
Repurchase Agreements	\$ —	\$ —	\$ 11,279	\$ 11,279
U.S. Government Securities	224,610	104,644	29,015	358,269
Negotiable Certificates of Deposit	2,897	—	504	3,401
Corporate Bonds and Notes	1,236	1,284	1,478	3,998
Equity Securities	24,855	14,765	12,253	51,873
Municipal and Public Utility Bonds	988	—	648	1,636
Total	<u>\$ 254,586</u>	<u>\$ 120,693</u>	<u>\$ 55,177</u>	430,456
Mutual and Escrow Funds				522,709
Investment Contracts				189,415
Investment in Primary Government's Investment Pool				380,296
Real Estate				3,889
Total Investments				<u>\$ 1,526,765</u>

C. Securities Lending

The Utah Retirement Systems (pension trust funds) and the Utah Public Employees Group Insurance Program (internal service funds) participate in security lending programs as authorized by their Boards. The types of securities lent are U.S. government securities, equity securities, and corporate bonds and notes. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and irrevocable bank letters of credit equal to 102 percent of the market value of the domestic securities on loan and 105 percent of the market value of the international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. There are no restrictions on the amount of loans that can be made. For both state entities, their custodial agent is the agent for its securities lending program. Securities under loan are maintained in both state entities' financial records and are presented as unclassified in the preceding summary of custodial risk. Corresponding assets and liabilities for collateral received, which can be pledged or sold without a borrower default, are recorded at the fair value. At yearend there was no collateral which cannot be pledged or sold without a borrower default.

At yearend neither the Utah Retirement Systems nor Utah Public Employees Group Insurance Program had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were \$1.546 billion and \$12.510 million, respectively, and the collateral received for those securities on loan was \$1.602 billion and \$12.813 million, respectively, with carrying amount and fair value being the same. Under the terms of the lending agreement, both state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent's short-term investment pool. The short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool. This cannot be determined by the state entities. Since the securities lending collateral is in a pool maintained by the custodial bank, it was not necessary to report the total income and expenses of securities lending.

D. Derivative Financial Instruments

The Utah Retirement Systems (pension trust funds) invests in derivative financial investments as authorized by Board policy. As of yearend, the Systems had two types of derivative financial instruments: futures and currency forwards.

Futures represent commitments to purchase (asset) or sell (liability) securities or money market instruments at a future date and at a specific price. Futures contracts are traded on organized exchanges (exchange traded), thereby minimizing the Systems' credit risk. The net change in the futures contract value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily

settlements are included with trading account securities gains (losses) in the Statement of Changes in Net Assets. At yearend the Systems' investments had the following future balances (expressed in millions):

	Value Covered By Contract
Long-equity futures	\$ 51.470
Short-equity futures.....	\$ (34.557)
Long-fixed income futures	\$ 80.071
Short-fixed income futures	\$ (21.271)

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in net realized gains or losses on foreign currency related transactions. At yearend the Systems' investments included the following currency forwards balances (expressed in millions):

Currency forwards (<i>pending foreign exchange purchases</i>)	\$ 827.573
Currency forwards (<i>pending foreign exchange sales</i>)	\$ (832.652)

The Utah Housing Corporation enters into various rate swap contracts as part of its overall funding strategy. The objective of these financial instruments is to increase the volume of funding available to purchase qualified homes under the Corporation's low to moderate-income programs. The Corporation's ability to keep its Single-Family program active without lags in funding is critical to its success. The federally imposed volume cap on tax-exempt bond issuances is inadequate to provide the resources currently demanded by these programs. To meet these demands and increase its funding capabilities, the Corporation sells variable rate bonds. Floating-to-fixed interest rate swap contracts allows the Corporation to manage the inherent interest rate risk associated with variable rate debt. The amount of these contracts at June 30, 2002, is \$253.4 million.

NOTE 4. INVESTMENT POOL

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF) investment pool. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities,

the investments are valued at fair value and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

The PTIF condensed financial statements, inclusive of external and internal participants for the fiscal year ended June 30, 2002, are as follows:

Public Treasurer's Investment Fund
Statement of Net Assets
June 30, 2002
(Expressed in Thousands)

Assets	
Cash and Cash Equivalents.....	\$ 379,478
Investments	4,846,715
Interest Receivable.....	17,656
Net Assets	<u>\$ 5,243,849</u>
Net Assets Consist of:	
External Participant Account Balances	\$ 3,237,979
Internal Participant Account Balances:	
Primary Government	1,622,588
Component Units	380,296
Undistributed Reserves and Unrealized Gains/Losses	2,986
Net Assets	<u>\$ 5,243,849</u>
Participant Account Balance Net Asset Valuation Factor	<u>.997257</u>

Public Treasurer's Investment Fund
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2002
(Expressed in Thousands)

Additions	
Pool Participant Deposits.....	<u>\$ 7,727,760</u>
Investment Income:	
Investment Earnings.....	152,366
Fair Value Increases (Decreases).....	(14,729)
Total Investment Income	137,637
Less Administrative Expenses	130
Net Investment Income	<u>137,507</u>
Total Additions.....	<u>7,865,267</u>
Deductions	
Pool Participant Withdrawals	7,259,392
Earnings Distributions	145,614
Total Deductions	<u>7,405,006</u>
Net Increase From Operations.....	<u>460,261</u>
Net Assets	
Beginning of Year	4,783,588
Net Assets – End of Year	<u>\$ 5,243,849</u>

Deposits and Investments

The following disclosure of deposits and investments is for the Public Treasurer's Investment Fund, which includes external and internal participants. These assets are also included in Note 3, disclosure of deposits and investments for the state entity as a whole. Information on the type of deposits and investments and how they are held is disclosed in Note 3. At June 30, 2002, the PTIF investments included certificates of deposit of \$159.3 million that

qualify as deposits. Of this amount, \$900 thousand was covered by the Federal Deposit Insurance Corporation (FDIC) and \$158.4 million was uninsured and uncollateralized and was held by various financial institutions. The following schedule provides information about the credit and market risks associated with the State's investments. Category 1 includes investments that are insured or registered, or for which the securities are held by the State or its agent in the State's name.

Public Treasurer's Investment Fund
Credit and Market Risks of Investments
June 30, 2002
(Expressed in Thousands)

	<u>Category</u>	
	<u>1</u>	<u>Fair Value</u>
Money Market Funds	\$ 344,978	\$ 344,978
U.S. Government Securities	796,065	796,065
Corporate Bonds and Notes	3,925,850	3,925,850
Total Investments	<u>\$ 5,066,893</u>	<u>\$ 5,066,893</u>

Public Treasurer's Investment Fund Portfolio Statistics:

<u>June 30, 2002</u>		
	<u>Range of Yields</u>	<u>Weighted Average Maturity</u>
Money Market Funds	1.80% – 2.70%	1 day
Certificates of Deposit	2% – 2.75%	19.75 days
U.S. Government Securities	1.70% – 4.125%	202.47 days
Corporate Bonds and Notes	1.84% – 4.05 %	39.60 days
<u>June 30, 2002</u>		
	<u>Weighted Average Yield</u>	<u>Average Adjusted Maturity</u>
Total Investment Fund	2.34%	60.83 days

NOTE 5. RECEIVABLES

Receivables as of June 30, 2002, consisted of the following (in thousands):

	Accounts Receivable					Notes/ Mortgages
	Federal	Customer	Other	Interest	Taxes	
Governmental Activities:						
General Fund.....	\$ 203,679	\$ 175,516	\$ 25,578	\$ 16	\$ 272,754	\$ 6,379
Uniform School Fund	25,583	—	271	—	363,520	6,128
Transportation Fund	69,961	—	8,534	—	58,596	421
Centennial Highway Fund.....	1,490	—	—	—	777	—
Trust Lands	—	—	11,919	638	—	8,891
Nonmajor Funds.....	—	27,923	7	16	—	539
Internal Service Funds	—	18,318	—	775	—	—
Fiduciary Funds	—	—	2,338	—	—	—
Total Receivables	<u>300,713</u>	<u>221,757</u>	<u>48,647</u>	<u>1,445</u>	<u>695,647</u>	<u>22,358</u>
Less Allowance for Uncollectibles						
General Fund.....	—	(52,820)	—	—	(15,455)	(112)
Uniform School Fund	—	—	—	—	(98,439)	—
Transportation Fund	—	—	(200)	—	(637)	—
Centennial Highway Fund.....	—	—	—	—	(51)	—
Internal Service Funds	—	(129)	—	—	—	—
Receivables, net	<u>\$ 300,713</u>	<u>\$ 168,808</u>	<u>\$ 48,447</u>	<u>\$ 1,445</u>	<u>\$ 581,065</u>	<u>\$ 22,246</u>
Current Receivables	\$ 300,713	\$ 118,128	\$ 47,281	\$ 1,445	\$ 539,473	\$ 3,779
Noncurrent Receivables	—	50,680	1,166	—	41,592	18,647
Total Receivables (net).....	<u>\$ 300,713</u>	<u>\$ 168,808</u>	<u>\$ 48,447</u>	<u>\$ 1,445</u>	<u>\$ 581,065</u>	<u>\$ 22,246</u>
Business-type Activities:						
Student Assistance Programs	\$ 10,212	\$ 1,733	\$ —	\$ 23,991	\$ —	\$ 1,036,555
Unemployment Compensation Fund.....	1,439	35,639	—	—	—	—
Water Loan Programs.....	—	—	112	7,778	2,669	424,820
Nonmajor Funds.....	—	5,914	1,200	3,252	—	227,475
Total Receivables	<u>11,651</u>	<u>43,286</u>	<u>1,312</u>	<u>35,021</u>	<u>2,669</u>	<u>1,688,850</u>
Less Allowance for Uncollectibles						
Student Assistance Programs	—	—	—	—	—	(3,487)
Unemployment Compensation	—	(10,335)	—	—	—	—
Water Loan Programs.....	—	—	—	—	(94)	—
Receivables, net	<u>\$ 11,651</u>	<u>\$ 32,951</u>	<u>\$ 1,312</u>	<u>\$ 35,021</u>	<u>\$ 2,575</u>	<u>\$ 1,685,363</u>

Accounts receivable balances are an aggregation of amounts due from the federal government, customers and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

Receivables for fiduciary funds listed above represent amounts due from fiduciary funds which were reclassified as external receivables on the government-wide Statement of Net Assets.

Aggregated receivables for component units at June 30, 2002, were \$1.276 billion for major component units and \$53.186 million for nonmajor component units, net of an allowance for doubtful accounts of \$44.609 million and \$812 thousand, respectively.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2002, consisted of the following (in thousands):

	Salaries/ Benefits	Service Providers	Vendors/ Other	Government	Tax Refunds	Interest	Total
Governmental Activities:							
General Fund	\$ 52,519	\$ 109,123	\$ 36,189	\$ 78,548	\$ 5,803	\$ —	\$ 282,182
Uniform School Fund	3,094	2,854	3,646	19,769	49,019	—	78,382
Transportation Fund	6,488	122	67,786	31,904	893	—	107,193
Centennial Highway Fund	—	—	273	—	—	—	273
Nonmajor Funds	32	—	15,103	—	—	27,453	42,588
Internal Service Funds	7,217	—	8,572	1,834	—	6	17,629
Adjustments:							
Fiduciary Funds	—	—	—	4,657	—	—	4,657
Other	—	—	—	—	—	1,664	1,664
Total Governmental Activities	<u>\$ 69,350</u>	<u>\$ 112,099</u>	<u>\$ 131,569</u>	<u>\$ 136,712</u>	<u>\$ 55,715</u>	<u>\$ 29,123</u>	<u>\$ 534,568</u>
Business-type Activities:							
Student Assistance Programs	\$ 1,770	\$ —	\$ 6,908	\$ 17,343	\$ —	\$ 3,394	\$ 29,415
Unemployment Compensation Fund	—	529	188	—	—	—	717
Water Loan Programs	—	—	331	—	—	39	370
Nonmajor Funds	1,281	—	7,520	1,165	—	139	10,105
Adjustments:							
Fiduciary Funds	—	—	—	13	—	—	13
Other	—	—	—	—	—	(12)	(12)
Total Business-type Activities	<u>\$ 3,051</u>	<u>\$ 529</u>	<u>\$ 14,947</u>	<u>\$ 18,521</u>	<u>\$ 0</u>	<u>\$ 3,560</u>	<u>\$ 40,608</u>

Accounts payable and accrued liability balances are an aggregation of amounts due to: 1) state employees for salaries/benefits; 2) service providers for childcare, job services and health services; 3) vendors and miscellaneous suppliers; 4) local and federal governments for services; 5) individuals and others as a result of tax overpayments; and 6) interest due on bonds and other obligations.

Adjustments for fiduciary funds listed above represent amounts due to fiduciary funds which were reclassified as external payables on the government-wide Statement of Net Assets. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Assets.

NOTE 7. INTERFUND BALANCES AND LOANS**Interfund Balances**

Interfund balances at June 30, 2002, consisted of the following (in thousands):

Due to General Fund from:	
Uniform School Fund.....	\$ 3,066
Transportation Fund.....	1,084
Nonmajor Governmental Funds.....	1,011
Unemployment Compensation Fund.....	1,302
Water Loan Programs.....	43
Nonmajor Enterprise Funds.....	9,833
Internal Service Funds.....	2,678
Fiduciary Funds.....	2,136
Total due to General Fund from other funds.....	<u>\$ 21,153</u>
Due to Uniform School Fund from:	
General Fund.....	431
Nonmajor Governmental Funds.....	9
Unemployment Compensation Fund.....	687
Nonmajor Enterprise Funds.....	1,029
Internal Service Funds.....	31
Total due to Uniform School Fund from other funds.....	<u>\$ 2,187</u>
Due to Transportation Fund from:	
General Fund.....	21
Uniform School Fund.....	2
Centennial Highway Fund.....	26,416
Nonmajor Governmental Funds.....	3
Nonmajor Enterprise Funds.....	8
Internal Service Funds.....	103
Fiduciary Funds.....	200
Total due to Transportation Fund from other funds.....	<u>\$ 26,753</u>
Due to Centennial Highway Fund from	
Transportation Fund.....	<u>\$ 1,473</u>
Due to Trust Lands from	
Nonmajor Enterprise Funds.....	<u>\$ 2,712</u>
Due to Nonmajor Governmental Funds from:	
General Fund.....	2,401
Transportation Fund.....	36
Nonmajor Governmental Funds.....	97
Nonmajor Enterprise Funds.....	12
Internal Service Funds.....	61
Total due to Nonmajor Governmental Funds from other funds.....	<u>\$ 2,607</u>
Due to Water Loan Programs from:	
General Fund.....	259
Nonmajor Governmental Funds.....	132
Nonmajor Enterprise Funds.....	25
Total due to Water Loan Programs from other funds.....	<u>\$ 416</u>

Due to Nonmajor Enterprise Funds from:	
General Fund.....	877
Uniform School Fund.....	16
Transportation Fund.....	139
Nonmajor Governmental Funds.....	11,055
Internal Service Funds.....	41
Total due to Nonmajor Enterprise Funds from other funds.....	<u>\$ 12,128</u>
Due to Internal Service Funds from:	
General Fund.....	9,306
Uniform School Fund.....	250
Transportation Fund.....	2,116
Nonmajor Governmental Funds.....	620
Nonmajor Enterprise Funds.....	157
Internal Service Funds.....	216
Fiduciary Funds.....	2
Total due to Internal Service Funds from other funds.....	<u>\$ 12,667</u>
Due to Fiduciary Funds from:	
General Fund.....	207
Transportation Fund.....	4,412
Nonmajor Governmental Funds.....	30
Trust Lands.....	7
Water Loan Programs.....	11
Nonmajor Enterprise Funds.....	2
Internal Service Funds.....	1
Total due to Fiduciary Funds from other funds.....	<u>\$ 4,670</u>
Total Due to/Due froms.....	<u>\$ 86,766</u>

These balances resulted from the time lags between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

Interfund Loans

Interfund loans at June 30, 2002, consisted of the following (in thousands):

Payable to General Fund from	
Internal Service Funds.....	\$ 44,638
Payable to Internal Service Funds from	
Centennial Highway Fund.....	2,478
Payable to Nonmajor Enterprise Funds from	
Internal Service Funds.....	80
Total Interfund Loans Receivable/Payable.....	<u>\$ 47,196</u>

The interfund loans receivable/payable balances consist of revolving loans with Internal Service Funds. The balance of \$47.196 million includes \$21.985 million which is not expected to be repaid within one year.

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2002, was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land and Related Assets	\$ 561,173	\$ 46,459	\$ (367)	\$ 607,265
Infrastructure	7,186,028	161,546	(1,318)	7,346,256
Construction-In-Progress.....	234,170	290,044	(264,303)	259,911
Total Capital Assets not being Depreciated	<u>7,981,371</u>	<u>498,049</u>	<u>(265,988)</u>	<u>8,213,432</u>
Capital Assets being Depreciated:				
Buildings and Improvements	895,659	22,578	(2,714)	915,523
Infrastructure	9,386	2,187	(5)	11,568
Machinery and Equipment.....	434,075	44,766	(44,669)	434,172
Total Capital Assets being Depreciated	<u>1,339,120</u>	<u>69,531</u>	<u>(47,388)</u>	<u>1,361,263</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(260,684)	(24,847)	2,120	(283,411)
Infrastructure	(2,992)	(373)	—	(3,365)
Machinery and Equipment.....	(262,603)	(43,220)	39,068	(266,755)
Total Accumulated Depreciation	<u>(526,279)</u>	<u>(68,440)</u>	<u>41,188</u>	<u>(553,531)</u>
Total Capital Assets being Depreciated, Net	<u>812,841</u>	<u>1,091</u>	<u>6,200</u>	<u>807,732</u>
Governmental Activity Capital Assets, Net	<u>\$ 8,794,212</u>	<u>\$ 499,140</u>	<u>\$(272,188)</u>	<u>\$ 9,021,164</u>
Business-type Activities:				
Capital Assets not being Depreciated:				
Land and Related Assets.....	\$ 10,352	\$ 2,359	\$ (516)	\$ 12,195
Construction-In-Progress.....	300	880	(27)	1,153
Total Capital Assets not being Depreciated	<u>10,652</u>	<u>3,239</u>	<u>(543)</u>	<u>13,348</u>
Capital Assets being Depreciated:				
Buildings and Improvements	22,564	8,067	(48)	30,583
Machinery and Equipment.....	10,981	928	(925)	10,984
Total Capital Assets being Depreciated	<u>33,545</u>	<u>8,995</u>	<u>(973)</u>	<u>41,567</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,277)	(661)	44	(4,894)
Machinery and Equipment.....	(6,931)	(1,616)	599	(7,948)
Total Accumulated Depreciation	<u>(11,208)</u>	<u>(2,277)</u>	<u>643</u>	<u>(12,842)</u>
Total Capital Assets being Depreciated, Net	<u>22,337</u>	<u>6,718</u>	<u>(330)</u>	<u>28,725</u>
Business-type Activity Capital Assets, Net	<u>\$ 32,989</u>	<u>\$ 9,957</u>	<u>\$ (873)</u>	<u>\$ 42,073</u>

Construction-in-progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities (component units) that are funded by state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction-in-progress of governmental activities and “transferred” to the colleges and universities. For fiscal year 2002, \$78.53 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building “transfers” are reported as higher education expenses of governmental activities and as program revenues of component units.

Depreciation expense of governmental activities was charged to functions as follows (in thousands):

General Government	\$ 8,101
Human Services and Youth Corrections.....	4,397
Corrections, Adult.....	5,911
Public Safety	2,748
Courts.....	4,571
Health and Environmental Quality.....	2,139
Higher Education	1
Employment and Family Services	1,947
Natural Resources	4,978
Community and Economic Development.....	494
Business, Labor, and Agriculture.....	1,212
Public Education	947
Transportation	10,869
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of the assets.....	20,125
Total	<u>\$ 68,440</u>

Discretely Presented Component Units

The following table summarizes net capital assets reported by the discretely presented component units (in thousands):

	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units	Total
Capital Assets not being Depreciated:					
Land and Related Assets	\$ 250	\$ 17,267	\$ 9,622	\$ 54,395	\$ 81,534
Construction-In-Progress	—	134,054	14,355	18,635	167,044
Total Capital Assets not being Depreciated.....	<u>250</u>	<u>151,321</u>	<u>23,977</u>	<u>73,030</u>	<u>248,578</u>
Capital Assets being Depreciated:					
Building and Improvements	1,302	952,392	316,437	761,001	2,031,132
Infrastructure.....	—	93,408	32,826	41,461	167,695
Machinery and Equipment	1,055	554,149	143,741	146,439	845,384
Total Capital Assets being Depreciated.....	<u>2,357</u>	<u>1,599,949</u>	<u>493,004</u>	<u>948,901</u>	<u>3,044,211</u>
Less Total Accumulated Depreciation.....	<u>(1,370)</u>	<u>(723,459)</u>	<u>(209,936)</u>	<u>(338,256)</u>	<u>(1,273,021)</u>
Total Capital Assets being Depreciated, Net	<u>987</u>	<u>876,490</u>	<u>283,068</u>	<u>610,645</u>	<u>1,771,190</u>
Discretely Presented Component Units –					
Capital Assets, Net	<u>\$ 1,237</u>	<u>\$ 1,027,811</u>	<u>\$ 307,045</u>	<u>\$ 683,675</u>	<u>\$ 2,019,768</u>

The State had long-term construction project commitments totaling \$164.301 million at June 30, 2002. The following construction projects have remaining commitments and represent reservations of fund balance in the Capital Projects Fund (a nonmajor governmental fund):

Capital Projects Fund
Construction Project Commitments
(Expressed in Thousands)

Project	Description	Remaining Construction Commitment
01020	Four Campus Classroom Project.....	\$ 49,513
01074	New Legislative Buildings.....	38,911
00253	Snow College – Performing Arts Building	14,021
98239	State Hospital – Rampton Building Phase II	9,745
99219	USU – Edith Bowen School Renovation/Expansion	9,138
01084	Soldier Hollow Golf Course	7,722
01007	ABC – Warehouse Expansion.....	7,208
00017	Courts – New Logan Facility	6,778
97097	State Capitol Remodel Planning/Design.....	2,025
01105	Dixie College – Gardner Center Food Services Addition	1,618
01026	USU – Natural Resources Building II Renovation	1,181
—	All Others.....	16,441
	Total Commitments	<u>\$ 164,301</u>

NOTE 9. LEASE COMMITMENTS

The State leases office buildings and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligations. If an appropriation is reasonably assured, leases are considered noncancellable for financial reporting purposes.

Leases that in substance are purchases are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed.

On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

The primary government's capital lease payments were \$1.148 million in principal and \$1.205 million in interest for fiscal

year 2002. The historical cost and accumulated depreciation of the primary government's assets acquired through capital leases were \$22.8 million and \$5.6 million, respectively, as of June 30, 2002.

Operating leases contain various renewal options, as well as some purchase options. However, due to the nature of the leases, they do not qualify as capital leases and the related assets and liabilities are not recorded. Any escalation clauses, sublease rentals, and contingent rents were considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

Operating lease expenditures for fiscal year 2002 were \$31.163 million for the primary government and \$17.609 million for component units. For fiscal year 2001, the operating lease expenditures were \$26.335 million for the primary government and \$13.330 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2002, were as follows:

Future Minimum Lease Commitments
(Expressed in Thousands)

Fiscal Year	Operating Leases			Capital Leases			
	Primary Government	Component Units	Total	Primary Government		Component Units	Total
				Governmental Activities	Business-type Activities		
2003	\$ 17,827	\$ 15,829	\$ 33,656	\$ 2,365	\$ 83	\$ 15,797	\$ 18,245
2004	15,348	13,854	29,202	2,358	20	14,335	16,713
2005	11,036	12,021	23,057	2,365	—	9,873	12,238
2006	8,690	10,588	19,278	2,361	—	6,803	9,164
2007	4,749	8,697	13,446	2,280	—	4,733	7,013
2008–2012	5,848	26,145	31,993	6,537	—	46,889	53,426
2013–2017	1,786	4,810	6,596	2,365	—	1,256	3,621
2018–2022	338	199	537	1,024	—	—	1,024
2023–2027	160	156	316	611	—	—	611
2028–2032	—	45	45	—	—	—	—
Total Future Minimum Lease Payments	<u>\$ 65,782</u>	<u>\$ 92,344</u>	<u>\$ 158,126</u>	22,266	103	99,686	122,055
Less Amounts Representing Interest				(7,240)	(7)	(22,299)	(29,546)
Present Value of Future Minimum Lease Payments	<u>\$ 15,026</u>	<u>\$ 96</u>	<u>\$ 77,387</u>	<u>\$ 15,026</u>	<u>\$ 96</u>	<u>\$ 77,387</u>	<u>\$ 92,509</u>

NOTE 10. LONG-TERM LIABILITIES**A. Changes in Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2002, are presented in the following schedule. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

Long-term Liabilities (Expressed in Thousands)					
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 1,146,000	\$ 629,200	\$ (300,800)	\$ 1,474,400	\$ 97,550
State Building Ownership Authority					
Lease Revenue Bonds.....	238,278	115,633	(11,533)	342,378	12,143
Net Unamortized Premiums/(Discounts).....	—	29,153	(1,511)	27,642	—
Capital Leases (Note 9)	16,174	—	(1,148)	15,026	1,193
Compensated Absences (Notes 1 and 18).....	127,142	59,633	(51,234)	135,541	56,585
Postemployment Benefits (Note 18).....	179,801	44,386	(10,554)	213,633	10,544
Claims (Note 19)	118,726	309,131	(301,148)	126,709	50,891
Arbitrage Liability (Note 1).....	854	7	(762)	99	—
Total Governmental Long-term Liabilities	<u>\$ 1,826,975</u>	<u>\$ 1,187,143</u>	<u>\$ (678,690)</u>	<u>\$ 2,335,428</u>	<u>\$ 228,906</u>
Business-type Activities					
Revenue Bonds.....	\$ 1,041,180	\$ 202,360	\$ (12,080)	\$ 1,231,460	\$ 37,605
State Building Ownership Authority					
Lease Revenue Bonds.....	11,800	11,540	(482)	22,858	517
Net Unamortized Premiums/(Discounts).....	(11)	293	(13)	269	—
Capital Leases (Note 9)	168	—	(72)	96	83
Arbitrage Liability (Note 1).....	31,850	5,689	(709)	36,830	12
Total Business-type Long-term Liabilities.....	<u>\$ 1,084,987</u>	<u>\$ 219,882</u>	<u>\$ (13,356)</u>	<u>\$ 1,291,513</u>	<u>\$ 38,217</u>
Component Units					
Revenue Bonds.....	\$ 1,453,935	\$ 332,706	\$ (212,034)	\$ 1,574,607	\$ 121,812
Net Unamortized Premiums/(Discounts).....	(90)	193	(11)	92	—
Capital Leases/Contracts Payable (Notes 9 and 10)	87,373	24,481	(30,934)	80,920	12,059
Notes Payable	23,339	5,990	(3,786)	25,543	7,248
Leave/Postemployment Benefits (Notes 1 and 18)	56,733	25,661	(15,672)	66,722	18,275
Total Component Unit Long-term Liabilities	<u>\$ 1,621,290</u>	<u>\$ 389,031</u>	<u>\$ (262,437)</u>	<u>\$ 1,747,884</u>	<u>\$ 159,394</u>

Compensated absences and postemployment benefits liabilities of governmental activities are liquidated in the General Fund, Uniform School Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the applicable internal service fund.

B. General Obligation Bonds

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities, highways, and water management for governmental activities. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2002, the State had \$85.25 million and \$56 million of authorized but unissued general obligation building and highway bond authorizations remaining, respectively.

During fiscal year 2002 the State issued \$348 million Series 2001 B general obligation bonds. The proceeds were used to refund

\$208 million of variable rate bonds, provide funds for certain highway projects, and various other construction projects. The State also issued \$281.2 million Series 2002 A general obligation bonds. The proceeds were used for various state building and highway projects.

During fiscal year 2002, the State's average interest rate for the Series 1999 A & C variable rate bonds was 1.61 percent, there is no stated minimum rate, but the maximum rate is 10 percent. The rate on the bonds is reset weekly by the remarketing agent and fluctuates with the general changes in interest rates and the demand for these particular securities. In the general obligation bond debt service requirements to maturity schedule, the interest rate used to project debt service requirements was 1.15 percent, which was the rate in effect at yearend.

General Obligation Bonds Payable consist of the following:

General Obligation Bonds Payable
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2002
1996 Capital Facility Issue.....	07/01/96	2002	5.00%	\$ 20,000	\$ 20,000
1997 ABCDE Highway/Capital Facility Issue..	07/01/97	2001–2012	4.80% to 5.50%	\$ 200,000	191,750
1997 F Highway Issue.....	08/01/97	2001–2012	5.00% to 5.50%	\$ 205,000	192,375
1998 A Highway/Capital Facility Issue.....	07/07/98	2001–2012	5.0%	\$ 265,000	238,075
1999 A & C Highway Issue	05/20/99	2012–2013	variable	\$ 358,000	150,000
1999 E Capital Facility Issue	07/01/99	2004	4.50%	\$ 38,000	38,000
2001 A Capital Facility Issue.....	01/24/01	2004	4.0%	\$ 15,000	15,000
2001 B Highway/Capital Facility Issue.....	07/02/01	2004–2014	4.50%	\$ 348,000	348,000
2002 A Highway/Capital Facility Issue.....	06/27/02	2003–2015	3.00% to 5.25%	\$ 281,200	281,200
Total General Obligation					
Bonds Outstanding					1,474,400
Plus Unamortized Premium					23,971
Total General Obligation					
Bonds Payable					\$ 1,498,371

General Obligation Bond Issues
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

Principal

Fiscal Year	1996 Capital Facility	1997 A–E Highway/Capital Facility	1997 F Highway Bonds	1998 A Highway/Capital Facility	1999 A&C Highway Bonds	1999 E Capital Facility
2003	\$ 20,000	\$ 33,700	\$ 13,325	\$ 30,525	\$ —	\$ —
2004	—	49,175	14,075	38,150	—	—
2005	—	9,675	14,825	14,975	—	38,000
2006	—	10,200	15,625	15,850	—	—
2007	—	10,775	16,475	16,775	—	—
2008–2012	—	63,325	95,925	98,800	—	—
2013–2017	—	14,900	22,125	23,000	150,000	—
Total	<u>\$ 20,000</u>	<u>\$ 191,750</u>	<u>\$ 192,375</u>	<u>\$ 238,075</u>	<u>\$ 150,000</u>	<u>\$ 38,000</u>

Continues Below

Principal

Fiscal Year	2001 A Capital Facility	2001 B Highway/Capital Facility	2002 A Highway/Capital Facility	Total Principal Required	Interest Required	Total Amount Required
2003	\$ —	\$ —	\$ —	\$ 97,550	\$ 61,599	\$ 159,149
2004	—	—	14,160	115,560	55,859	171,419
2005	15,000	41,425	4,850	138,750	49,443	188,193
2006	—	34,900	45,740	122,315	43,373	165,688
2007	—	33,250	48,075	125,350	37,135	162,485
2008–2012	—	188,800	74,175	521,025	107,390	628,415
2013–2017	—	49,625	94,200	353,850	16,055	369,905
Total	<u>\$ 15,000</u>	<u>\$ 348,000</u>	<u>\$ 281,200</u>	<u>\$ 1,474,400</u>	<u>\$ 370,854</u>	<u>\$ 1,845,254</u>

C. Revenue Bonds

Revenue bonds payable consist of those issued by the Utah State Building Ownership Authority, the Utah State Board of Regents Student Loan Purchase Program, the State's Water Loan Programs, the Utah Housing Corporation, and the various colleges and universities. These bonds are not considered general obligations of the State.

Governmental Activities

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies. The bonds are secured by the facilities, and repayment is made from lease income. The outstanding bonds payable at June 30, 2002, are reported as a long-term liability of the governmental activities, except for \$21.844 million and \$1.235 million which are reported in Alcoholic Beverage Control Fund, and Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide statement of net assets.

During fiscal year 2002, the average interest rate for the SBOA Series 2001 C variable rate bonds was 1.35 percent (based on an annualized rate from the bonds issuance), there is no stated minimum rate, but the maximum rate is 12 percent. The rate on the bond is reset weekly by the remarketing agent and fluctuates with the general changes in interest rates and the demand for these particular securities. In the applicable debt service requirements to maturity schedule, the interest rate used to project debt service requirements was 1.15 percent, which was the rate in effect at yearend.

Business-type Activities

The Utah State Board of Regents Student Loan Purchase Program bonds were issued to provide funds for student loans and are

secured by all assets of the Board of Regents Revenue Bond Fund and by the revenues and receipts derived from such assets. The Board of Regents has also issued a revenue bond for an office facility secured by funds within the Board of Regents budget, that would otherwise be expended for rent.

The Student Assistance Programs have \$240.555 million of bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent. The Programs also have adjustable rate bonds which are set by an auction procedure every 28 days in the amount of \$312.1 million and \$537.6 million of bonds which are auctioned every 35 days.

The State's water loan programs have issued revolving loan recapitalization program bonds to provide capital for the State's revolving loan programs, and subsequently has refunded one of the bonds. The bonds are secured by and repayment is made from the collection of the revolving loan programs' notes receivables.

Discrete Component Units

The Utah Housing Corporation bonds were issued to provide sources of capital for making housing loans to persons of low or moderate income. The bonds are secured by mortgages, and repayments are made from the mortgage payments.

The colleges and universities issue bonds for various purposes, including student housing, special events centers, and student union centers. The bonds are secured by the related assets, student building fees, and other income of certain college activities.

Revenue bonds payable consist of the following:

Revenue Bonds Payable – Component Units (Expressed in Thousands)					
Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2002
Utah Housing Corporation Issues.....	1986–2002	2002–2044	2.55% to 10.55%	\$ 2,469,052	\$ 1,227,422
Colleges and Universities					
Revenue Bonds.....	1987–2002	2003–2031	2.5% to 8.49%	\$ 451,365	347,185
Total Revenue Bonds Outstanding					1,574,607
Colleges and Universities					
Add Unamortized Premiums/Discounts .					92
Total Revenue Bonds Payable					<u>\$ 1,574,699</u>

Revenue Bonds Payable – Primary Government
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2002
Governmental Activities					
SBOA Lease Revenue Bonds:					
Series 1992 A.....	07/15/92	1993–2011	5.30% to 5.75%	\$ 26,200	\$ 17,095
Series 1992 B.....	07/15/92	1994–2011	4.0% to 6.0%	\$ 1,380	930
Series 1993 A.....	12/01/93	1995–2013	4.5% to 5.25%	\$ 6,230	4,265
Series 1993 B.....	12/01/93	1995–2014	4.5% to 5.25%	\$ 8,160	5,790
Series 1994 A.....	09/01/94	1995–2018	5.0% to 6.25%	\$ 27,465	4,935
Series 1995 A.....	07/01/95	1996–2018	5.0% to 5.75%	\$ 92,260	18,715
Series 1996 A.....	07/01/96	1997–2019	5.5% to 6.0%	\$ 42,895	8,705
Series 1996 B.....	11/01/96	1999–2013	5.0% to 5.4%	\$ 16,875	13,495
Series 1998 A.....	07/01/98	1999–2020	3.75% to 5.25%	\$ 24,885	18,210
Series 1998 B Capital Appreciation	07/22/98	2005	4.65%	\$ 23,091	27,676
Series 1998 C.....	08/15/98	2000–2019	3.8% to 5.5%	\$ 101,557	101,422
Series 1999 A.....	08/01/99	2001–2021	5.25% to 5.50%	\$ 6,960	6,770
Series 2001 A.....	11/21/01	2005–2021	4.00% to 5.00%	\$ 69,850	69,850
Series 2001 B.....	11/21/01	2002–2024	3.00% to 5.75%	\$ 14,240	14,220
Series 2001 C.....	11/21/01	2005–2021	variable	\$ 30,300	30,300
Total Lease Revenue Bonds Outstanding..					342,378
Unamortized Bond Premium.....					3,671
Total Lease Revenue Bonds Payable.....					<u>\$ 346,049</u>
Business-type Activities					
Student Assistance Programs:					
Series 1988 and 1993 Board of Regents Student Loan Indentures	1988–2002	1998–2041	Variable and 4.45% to 6.7%	\$1,250,750	\$ 1,219,230
Office Facility Bond Fund.....	02/01/02	2003–2022	3.5% to 5.125%	\$ 8,095	8,095
Total Revenue Bonds Outstanding.....					1,227,325
Unamortized Bond Premium.....					48
Total Revenue Bonds Payable.....					<u>\$ 1,227,373</u>
Water Loan Programs:					
Series 1992 A Revolving Loan Recapitalization Program	04/15/92	1993–2004	4.00% to 6.6%	\$ 5,065	\$ 1,115
Series 1995 Water Refunding.....	10/04/95	1996–2005	5.125%	\$ 8,430	3,020
Total Revenue Bonds Payable.....					<u>\$ 4,135</u>
SBOA Lease Revenue Bonds:					
Series 1994 A.....	09/01/94	1995–2014	5.0% to 6.25%	\$ 3,450	\$ 475
Series 1995 A.....	07/01/95	1996–2015	5.0% to 5.7%	\$ 740	170
Series 1996 A.....	07/01/96	1998–2017	5.5% to 6.0%	\$ 1,830	380
Series 1997 A.....	12/01/97	1999–2018	4.6% to 5.125%	\$ 4,150	3,665
Series 1998 A.....	07/01/98	1999–2020	3.75% to 5.25%	\$ 825	725
Series 1998 C.....	08/15/98	2000–2019	3.80% to 5.50%	\$ 3,543	3,538
Series 1999 A.....	08/01/99	2001–2020	5.25% to 5.50%	\$ 2,495	2,365
Series 2001 B.....	11/21/01	2004–2023	3.25% to 5.25%	\$ 11,540	11,540
Total Lease Revenue Bonds Outstanding..					22,858
Unamortized Bond Premium.....					221
Total Lease Revenue Bonds Payable.....					<u>\$ 23,079</u>
Total Business-type Lease Revenue/Revenue Bonds Payable.....					<u>\$ 1,254,587</u>

Revenue Bond Issues – Primary Government
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

Principal								
Fiscal Year	Student Assistance Programs	1992 A Revolving Loan Recap Program	1992 A Utah State Building Ownership Authority	1992 B Utah State Building Ownership Authority	1993 A Utah State Building Ownership Authority	1993 B Utah State Building Ownership Authority	1994 A Utah State Building Ownership Authority	1995 A Utah State Building Ownership Authority
2003.....	\$ 36,110	\$ 540	\$ 1,310	\$ 70	\$ 300	\$ 360	\$ 1,710	\$ 3,450
2004.....	4,575	575	1,380	75	315	380	1,805	3,575
2005.....	8,275	—	1,460	80	330	395	1,895	3,760
2006.....	23,295	—	1,545	85	345	415	—	3,945
2007.....	5,530	—	1,640	90	360	440	—	4,155
2008–2012.....	108,745	—	9,760	530	2,120	2,565	—	—
2013–2017.....	36,175	—	—	—	495	1,235	—	—
2018–2022.....	6,365	—	—	—	—	—	—	—
2023–2027.....	135,000	—	—	—	—	—	—	—
2028–2032.....	181,055	—	—	—	—	—	—	—
2033–2037.....	370,100	—	—	—	—	—	—	—
2038–2042.....	312,100	—	—	—	—	—	—	—
Total.....	<u>\$1,227,325</u>	<u>\$ 1,115</u>	<u>\$17,095</u>	<u>\$ 930</u>	<u>\$4,265</u>	<u>\$5,790</u>	<u>\$5,410</u>	<u>\$18,885</u>

Continues Below

Principal								
Fiscal Year	1995 Water Refunding	1996 A Utah State Building Ownership Authority	1996 B Utah State Building Ownership Authority	1997 A Utah State Building Ownership Authority	1998 A Utah State Building Ownership Authority	1998 B Utah State Building Ownership Authority	1998 C Utah State Building Ownership Authority	1999A Utah State Building Ownership Authority
2003.....	\$ 955	\$ 1,630	\$ 945	\$ 155	\$ 2,370	\$ —	\$ 50	\$ 300
2004.....	1,005	1,720	995	160	2,485	—	50	310
2005.....	1,060	1,820	1,040	170	2,615	27,676	55	330
2006.....	—	1,905	1,095	180	705	—	1,120	345
2007.....	—	2,010	1,150	190	735	—	1,170	365
2008–2012.....	—	—	6,705	1,085	4,225	—	42,480	2,130
2013–2017.....	—	—	1,565	1,400	5,385	—	48,825	2,765
2018–2022.....	—	—	—	325	415	—	11,210	2,590
2023–2027.....	—	—	—	—	—	—	—	—
2028–2032.....	—	—	—	—	—	—	—	—
2033–2037.....	—	—	—	—	—	—	—	—
2038–2042.....	—	—	—	—	—	—	—	—
Total.....	<u>\$ 3,020</u>	<u>\$ 9,085</u>	<u>\$13,495</u>	<u>\$ 3,665</u>	<u>\$18,935</u>	<u>\$27,676</u>	<u>\$104,960</u>	<u>\$9,135</u>

Continues Below

**Revenue Bond Issues – Primary Government (continued)-
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)**

Fiscal Year	Principal			Total Principal Required	Interest Required	Total Amount Required
	2001 A Utah State Building Ownership Authority	2001 B Utah State Building Ownership Authority	2001 C Utah State Building Ownership Authority			
2003	\$ —	\$ 10	\$ —	\$ 50,265	\$ 39,887	\$ 90,152
2004	—	395	—	19,800	37,883	57,683
2005	2,000	865	2,100	55,926	40,742	96,668
2006	3,175	895	1,100	40,150	35,519	75,669
2007	3,125	935	1,300	23,195	33,383	56,578
2008–2012	17,575	5,250	7,700	210,870	139,668	350,538
2013–2017	22,025	6,415	9,400	135,685	108,140	243,825
2018–2022	21,950	8,100	8,700	59,655	84,532	144,187
2023–2027	—	2,895	—	137,895	73,959	211,854
2028–2032	—	—	—	181,055	61,151	242,206
2033–2037	—	—	—	370,100	40,579	410,679
2038–2042	—	—	—	312,100	18,075	330,175
Total	<u>\$ 69,850</u>	<u>\$ 25,760</u>	<u>\$ 30,300</u>	<u>\$ 1,596,696</u>	<u>\$ 713,518</u>	<u>\$ 2,310,214</u>

**Revenue Bond Issues – Component Units
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)**

Fiscal Year	Principal				Total Principal Required	Interest Required	Total Amount Required
	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units			
2003	\$ 108,543	\$ 6,974	\$ 2,225	\$ 4,070	\$ 121,812	\$ 78,523	\$ 200,335
2004	54,426	8,009	1,996	4,346	68,777	78,916	147,693
2005	25,347	8,659	2,101	4,635	40,742	76,968	117,710
2006	28,711	9,289	2,222	4,890	45,112	74,455	119,567
2007	31,116	9,855	1,887	4,750	47,608	72,034	119,642
2008–2012	161,114	55,320	10,089	23,421	249,944	320,277	570,221
2013–2017	157,500	53,210	5,265	13,004	228,979	253,761	482,740
2018–2022	196,606	48,180	120	6,855	251,761	186,287	438,048
2023–2027	232,666	33,771	—	3,024	269,461	112,259	381,720
2028–2032	185,513	16,104	—	2,914	204,531	40,234	244,765
2033–2037	34,545	—	—	—	34,545	6,349	40,894
2038–2042	8,820	—	—	—	8,820	2,042	10,862
2043–2047	2,515	—	—	—	2,515	149	2,664
Total	<u>\$ 1,227,422</u>	<u>\$ 249,371</u>	<u>\$ 25,905</u>	<u>\$ 71,909</u>	<u>\$ 1,574,607</u>	<u>\$ 1,302,254</u>	<u>\$ 2,876,861</u>

D. Conduit Debt Obligations

In 1985, the State Board of Regents authorized the University of Utah to issue Variable Rate Demand Industrial Development Bonds for the University Park Hotel, a limited partnership separate from the University. The bonds are payable solely from revenues of the University Park Hotel. The bonds do not constitute a debt or pledge of the faith and credit of the University of Utah or the State and, accordingly, have not been reported in the accompanying financial statements. At June 30, 2002, \$7.665 million of Variable Rate Demand Industrial Development Bonds are outstanding.

E. Demand Bonds

The remaining \$150 million Series 1999 A and C adjustable rate bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on seven days notice and delivery to the State's remarketing agent. Conversely, the State has the ability to convert any or all of the Series 1999 A and C general obligation bonds into fixed rate debt, upon not fewer than 15 days notice to bondholders. The remarketing agent is paid a fee equal to .07 percent per annum of the weighted average principal amount of each series of bonds outstanding on a quarterly basis.

In the event the bonds cannot be remarketed, the State has a separate standby bond purchase agreement for the remaining \$75 million of Series A and \$75 million of Series C with Toronto-Dominion Bank acting through its Houston Agency. The agreement provides an amount sufficient to pay the purchase price of each of the respective series of bonds equal to the principal and up to 39 days accrued interest at a maximum rate of 10 percent per annum. The Standby Agreement also contains a takeout provision for bonds that are held by the bank upon expiration of the credit agreement that will allow the State to convert the bonds to a two-year installment loan with interest payable monthly and principal due at the end of the term. If the installment provision was in place it would cost the State \$15 million in interest for both years, with principal paid at the end, assuming all of the bonds were not remarketed and based on the maximum rate. The Standby Agreement is valid through September 12, 2003.

In consideration for the Liquidity Facility, the State is charged 7.5 basis points of the principal outstanding, less any advances outstanding on a quarterly basis. The interest rate for Liquidity Advances is the Federal Funds rate plus one-half percent for the first 30 days. For advances outstanding longer than 30 days or outstanding under the installment provision, the rate charged is the greater of the Federal Funds or prime rate plus a margin dependent upon the amount of time the advance is outstanding, not to exceed 10 percent per annum. As of June 30, 2002, the State had not drawn any funds under the Standby Bond Purchase Agreement.

The State Building Ownership Authority issued \$30.3 million Series 2001 C variable rate demand lease revenue bonds. The bonds are subject to purchase upon not less than seven days notice of tender from the bondholder or in case the bonds cannot be remarketed. The remarketing agent is paid a fee of 5 basis points of the bonds outstanding on a quarterly basis.

In the case that the bonds cannot be remarketed, the SBOA has a irrevocable direct pay letter of credit with Landesbank Hessen-Thüringen Girozentrale (Helaba) acting through its New York Branch in the amount of \$30.828 million, which is an amount sufficient to pay principal and 53 days of accrued interest at

12 percent. In consideration for the letter of credit, Helaba receives a fee of 17.5 basis points paid on a quarterly basis. The letter of credit expires on November 21, 2004, and as of June 30, 2002, the SBOA has not had to draw any funds for bondholder tenders or a failed remarketing.

The letter of credit also has a takeout provision for bonds that allows the SBOA to pay the bonds that Helaba holds (bank bonds) over a five-year period in approximately equal payments. The rate in effect for bank bonds for the first 90 days is the base rate, which is the higher of the Federal Funds rate plus 50 basis points or the Prime Rate, up to a maximum of 12 percent per annum. The interest rate for bank bonds held longer than 90 days is the base rate plus 2 percent. If the takeout provision were in effect and assuming all the bonds were not remarketed, the SBOA would pay debt service of \$8.406 million a year for five years, based on the maximum rate.

The Student Loan Purchase Program had \$240.555 million of demand bonds outstanding at June 30, 2002, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on seven days notice and delivery to the Board's remarketing agent.

In the event bonds cannot be remarketed, the Board has standby bond purchase agreements and a letter of credit agreement sufficient to pay the purchase price of bonds delivered to it. The Board pays quarterly fees to maintain the standby bond purchase agreements and letter of credit on the demand bonds.

An unused irrevocable direct-pay letter of credit expiring November 15, 2004, in the amount of \$37.462 million supports the Series 1993 A bonds of \$35 million. The standby bond purchase agreements include the amount of \$110.677 million expiring November 15, 2005, to support Series 1988 C and 1995 L bonds of \$104.5 million, and the amount of \$108.42 million expiring May 16, 2005, to support the Series 1996 Q and 1997 R bonds of \$101.055 million. As of June 30, 2002, the Board had not drawn any funds under the standby bond purchase agreements or the letter of credit.

The University of Utah (component unit) Series 1997 A bonds in the amount of \$18.59 million currently bear interest at a weekly rate in accordance with bond provisions. When a weekly rate is in effect, the Series 1997 A bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the University's tender agent. The interest requirement for the Series 1997 A Bonds is calculated using an interest rate of 3 percent, which is the rate in effect of June 30, 2002.

In the event the bonds cannot be remarketed, the tender agent is required to draw on an irrevocable letter of credit to pay the purchase price plus accrued interest on the bonds delivered to it. The letter of credit with the Bank of Nova Scotia is valid through June 30, 2005. As of June 30, 2002, the University had not drawn any funds under the letter of credit.

F. Capital Appreciation Bonds

On August 15, 1998, the Utah State Building Ownership Authority issued \$23.091 million of 1998 Series B Capital Appreciation lease revenue bonds. The interest on the bonds is accreted and added to the bonds payable. The accretion for the year ended June 30, 2002, was \$1.243 million, and at June 30, 2002, the total capital appreciation bonds payable including accreted interest was \$27.676 million.

G. Defeased Bonds and Bond Refunding

The State issued on July 2, 2001, General Obligation Bond Series 2001 B to refund \$208 million of its Series 1999 A, B, C, and D variable rate debt to lock in a fixed long-term rate. The variable rate debt was repaid on a bond interest payment date resulting in a current refunding. The variable rate debt had no minimum interest rate, but had a maximum interest rate of 10 percent; the refunding bonds have an effective interest rate of 4.18 percent. Because the refunded debt had a variable rate, no attempt has been made to calculate the cash flow savings or economic savings related to this transaction. The State did not have any prior defeased General Obligation bonds outstanding.

In prior years, the State defeased certain revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the

Statement of Net Assets. At June 30, 2002, \$105.615 million revenue bonds outstanding are considered defeased.

In prior years, component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the component unit column on the Statement of Net Assets. At June 30, 2002, \$35.57 million of college and university bonds outstanding and \$6.25 million Utah Housing Corporation bonds outstanding are considered defeased.

H. Notes Payable

The notes payable balance consists of notes issued by component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 30 years. They are secured by the related assets.

Notes Payable Debt Service Requirements to Maturity
Component Units
For Fiscal Years Ending June 30
(Expressed in Thousands)

Fiscal Year	Principal			Total Principal Required	Interest Required	Total Amount Required
	University of Utah	Utah State University	Nonmajor Component Units			
2003	\$ 402	\$ 5,723	\$ 1,123	\$ 7,248	\$ 1,351	\$ 8,599
2004	436	330	760	1,526	1,249	2,775
2005	473	291	345	1,109	1,171	2,280
2006	419	293	329	1,041	1,103	2,144
2007	357	252	321	930	1,041	1,971
2008–2012	2,304	864	1,908	5,076	4,158	9,234
2013–2017	3,492	—	899	4,391	2,473	6,864
2018–2022	3,175	—	544	3,719	659	4,378
2023–2027	—	—	423	423	68	491
2028–2032	—	—	80	80	3	83
Total	<u>\$ 11,058</u>	<u>\$ 7,753</u>	<u>\$ 6,732</u>	<u>\$ 25,543</u>	<u>\$ 13,276</u>	<u>\$ 38,819</u>

I. Contracts Payable

Component unit capital leases/contracts payable include \$3.531 million in life annuity contracts.

NOTE 11. GOVERNMENTAL FUND BALANCES —RESERVED AND DESIGNATED

The State's reserved fund balances represent: 1) **Nonlapsing Appropriations** which include continuing appropriations or nonlapsing funds, encumbrances for construction contracts in the capital projects funds, and limited encumbrances in the general and special revenue funds; or 2) **Restricted Purposes** which include fund balances that are legally restricted for other purposes, assets restricted by bond agreements or other external restrictions, and those portions of fund balance that are not available for appropriation or expenditure, such as loans to internal service funds. A summary of the nature and purpose of these reserves by fund type at June 30, 2002, follows:

Reserved Fund Balances (Expressed in Thousands)			
	Nonlapsing Appropriations	Restricted Purposes	Total Reserved
General Fund:			
Legislature	\$ 3,087	\$ —	\$ 3,087
Governor	4,876	1,936	6,812
Elected Officials	1,877	369	2,246
Administrative Services	3,400	22	3,422
Tax Commission	6,255	10,396	16,651
Human Services	3,651	5,580	9,231
Corrections	1,557	—	1,557
Public Safety	5,385	6,471	11,856
Courts	1,829	3,382	5,211
Health	3,937	2,020	5,957
Environmental Quality	1,841	2,191	4,032
Employment and Family Services	—	6,852	6,852
Natural Resources	17,231	17,404	34,635
Community and Economic Development	2,293	4,376	6,669
Business, Labor, and Agriculture	8,195	3,470	11,665
Industrial Assistance Account	—	20,372	20,372
Loans to Internal Service Funds	—	44,638	44,638
Tobacco Settlement Funds	—	12,338	12,338
Oil Overcharge Funds	—	8,885	8,885
Other Purposes	200	5,158	5,358
Total	<u>\$ 65,614</u>	<u>\$ 155,860</u>	<u>\$ 221,474</u>
Uniform School Fund:			
Minimum School Program	\$ 20,443	\$ —	\$ 20,443
State Office of Education	5,802	137	5,939
School Building Program	—	9,926	9,926
School Land Interest	—	7,583	7,583
Total	<u>\$ 26,245</u>	<u>\$ 17,646</u>	<u>\$ 43,891</u>
Transportation Fund:			
Transportation	\$ 2,238	\$ —	\$ 2,238
Public Safety	—	6,021	6,021
Corridor Preservation	—	18,845	18,845
Aeronautical Programs	—	7,685	7,685
Salt Lake County Road Construction	—	10,768	10,768
Total	<u>\$ 2,238</u>	<u>\$ 43,319</u>	<u>\$ 45,557</u>
Centennial Highway Fund:			
Bond Proceeds	\$ —	\$ 158,808	\$ 158,808
Trust Lands Fund:			
Funds Held as Permanent Investments	\$ —	\$ 360,376	\$ 360,376
Other Governmental Funds:			
Capital Projects	\$ 164,300	\$ 87,928	\$ 252,228
Debt Service	—	14,709	14,709
Tobacco Settlement Funds	—	41,531	41,531
Environmental Reclamation	—	17,029	17,029
Other Purposes	—	6,437	6,437
Total	<u>\$ 164,300</u>	<u>\$ 167,634</u>	<u>\$ 331,934</u>

Designated Fund Balances
(Expressed in Thousands)

	General Fund	Uniform School Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
Designated for:					
Budgetary Reserve (Rainy Day) Account ...	\$ 19,453	\$ —	\$ —	\$ —	\$ 19,453
Postemployment and Other Liabilities	124,026	138,328	39,165	—	301,519
Fiscal Year 2003 Appropriations.....	3,072	—	—	657	3,729
Capital Projects	—	—	—	52,959	52,959
Debt Service.....	—	—	—	8,173	8,173
Total.....	<u>\$ 146,551</u>	<u>\$ 138,328</u>	<u>\$ 39,165</u>	<u>\$ 61,789</u>	<u>\$ 385,833</u>

NOTE 12. DEFICIT NET ASSETS

Funds reporting a deficit total net assets position at June 30, 2002, are (in thousands):

Private Purpose Trust Funds:

Employers' Reinsurance	\$ 266,642
Petroleum Underground Storage Tank	\$ 60,718

The deficit in the Employers' Reinsurance Trust represents the unfunded portion of the actuarial estimate of claims incurred. The Employers' Reinsurance Trust claims are funded from assessments on workers' compensation insurance. The Utah Labor Commission sets the rate up to the maximum established by the Legislature to keep current revenues at a level sufficient to cover current cash disbursements. State law limits the State's liability to the cash or assets in the Employers' Reinsurance Trust only. State law also limits the Trust's liability to claims resulting from industrial accidents or occupational diseases occurring on or before June 30, 1994. For claims resulting from accidents or diseases on or after

July 1, 1994, the employer or its insurance carrier is liable for resulting liabilities.

The Petroleum Underground Storage Tank Fund covers the clean-up costs of leaks from state-approved underground petroleum storage tanks. The assets in the fund are more than adequate to pay current claims. Unfunded future claims will be funded by future revenues.

Funds/activities reporting a deficit position in the unrestricted portion of their net assets at June 30, 2002, are (in thousands):

Internal Service Funds:

General Services	\$ 1,088
Fleet Operations.....	\$ 31,873

The Internal Service Funds deficits are mainly due to the significant investment in capital assets required for these operations. The deficits will be covered by future charges for services. Management may also seek rate increases to help reduce these deficits.

NOTE 13. INTERFUND TRANSFERS

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act*. Interfund transfers for the fiscal year ended June 30, 2002, are as follows (in thousands):

Transfers In:		Governmental Funds				
	General Fund	Uniform School Fund	Transportation Fund	Centennial Highway Fund	Trust Lands Fund	Nonmajor Governmental Funds
Transfers Out:						
General Fund	\$ —	\$ 107,279	\$ 28,052	\$ 124,800	\$ 13	\$ 56,125
Uniform School Fund	147,652	—	—	—	—	41,671
Transportation Fund	30,618	—	—	53,495	—	2,241
Centennial Highway Fund	—	—	8,079	—	—	85,306
Nonmajor Governmental Funds ..	1,755	19,000	—	—	—	13,524
Water Loan Programs	2,426	—	—	—	—	—
Nonmajor Enterprise Funds	34,942	—	—	—	—	—
Internal Service Funds	4,557	—	—	—	—	—
Private Purpose Trust Funds	1,579	—	—	—	—	—
Total Transfers In	\$ 223,529	\$ 126,279	\$ 36,131	\$ 178,295	\$ 13	\$ 198,867

Continues Below

Enterprise Funds		Water Loan Programs	Nonmajor Enterprise Funds	Internal Service Funds	Total Transfers Out
Transfers Out:					
General Fund	\$ 1,603	\$ 9,407	\$ 3,400	\$ 330,679	
Uniform School Fund	—	—	65	189,388	
Transportation Fund	—	—	166	86,520	
Centennial Highway Fund	—	—	—	93,385	
Nonmajor Governmental Funds ..	—	—	—	34,279	
Water Loan Programs	—	—	—	2,426	
Nonmajor Enterprise Funds	—	—	—	34,942	
Internal Service Funds	—	—	—	4,557	
Private Purpose Trust Funds	—	—	—	1,579	
Total Transfers In	\$ 1,603	\$ 9,407	\$ 3,631	\$ 777,755	

Transfers from major governmental funds to nonmajor governmental funds are primarily for capital facility construction and debt service expenditures. Transfers from the General Fund to enterprise funds are primarily mineral lease royalties used to make loans and grants to local governments through the Community Impact Loan Fund. Transfers from enterprise funds to the General Fund are mostly liquor profits from the Alcoholic Beverage Control Fund that are required by statute to be deposited in the General Fund. All other transfers are made to finance various programs as authorized by the Legislature.

During fiscal year 2002, the Legislature authorized the following transfers to subsidize lower than expected revenues:

- \$105.316 million from the Budgetary Reserve Account (General Fund) to the Uniform School Fund.
- \$19.0 million from the Utah Sports Authority (nonmajor governmental fund) to the Uniform School Fund.
- \$9.5 million from the Utah Sports Authority (nonmajor governmental fund) to the Capital Projects Fund (nonmajor governmental fund).
- \$4.557 million from the Internal Service Funds to the General Fund.
- \$1.579 million from the Wildland Fire Suppression Trust Fund (private purpose trust fund) to the General Fund.

In addition, the Legislature authorized payments to certain component units of the State. These amounts are reported as expenditures in both the General Fund fund statements and the Governmental Activities column of the Statement of Activities. They are also reported as revenues in the Component Units column of the Statement of Activities:

- \$633.956 million to the Colleges and Universities.
- \$3.010 million to the Comprehensive Health Insurance Pool.
- \$553 thousand to the Utah State Fairpark Corporation.

NOTE 14. SPECIAL AND UNUSUAL ITEMS**A. Special Items**

- As approved by the Legislature, the Salt Lake Olympic Organizing Committee (SLOC) purchased the winter sports park and equipment from the Utah Sports Authority (nonmajor governmental fund) for \$59 million, on July 14, 1999. SLOC made a \$1 million down payment at that time, and the balance of \$58 million was paid on February 25, 2002. SLOC also paid interest for the period between January 10, 2002, and February 25, 2002, which totaled \$512 thousand. On March 15, 2002, \$29.772 million of the SLOC payment was redistributed to the local cities and towns, which included interest on their proportionate share. The current year sales proceeds and interest, and the distribution to local cities and towns represent flows of current financial resources and therefore are reported on the governmental fund financial statements. However, under the accrual basis of accounting, only the distribution of proceeds to local cities and towns is reported in the government-wide Statement of Activities since the sale occurred in a prior year.
- The Utah Technology Finance Corporation (nonmajor component unit) transferred \$6.092 million to the State of Utah and \$3.852 million of net assets of federal loan programs to an unrelated non-profit corporation as part of the Corporation's liquidation proceedings.

B. Unusual Item

The Unemployment Compensation Fund (major enterprise fund) received a \$62.553 million distribution of federal unemployment taxes under the Federal *Reed Act*. This distribution was significantly higher than those of prior years.

NOTE 15. LITIGATION, CONTINGENCIES, AND COMMITMENTS**A. Litigation**

- The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.
- Members of the Navajo Nation allege the State of Utah has mismanaged Navajo Nation Trust Fund monies. The plaintiffs are seeking an accounting of the legitimacy of the fund's receipts and disbursements, and damages. If the State were ultimately held liable, the estimated liability could be up to approximately \$50 million plus interest and attorneys' fees.
- A suit filed by the United Mine Workers of America claims the State Legislature wrongfully reallocated revenue generated from the *Utah Enabling Act's* Miners Hospital Grant lands to the University of Utah Medical Center. The plaintiffs seek a judgment requiring pay back of the diverted proceeds into a trust, and requiring the trust to be used only on a hospital for miners.

If the State were ultimately held liable, the liability could range from \$1 million to \$25 million.

- A suit was filed by a landowner alleging breach of contract by the Utah State Armory Board and the Utah National Guard related to the sale of property. The plaintiff seeks damages of approximately \$19 million plus attorney's fees.
- There are currently three separate suits or claims pending seeking refunds of taxes paid. In the event of adverse rulings on all of these issues including their certification as class-action suits, the State estimates the liability could be as much as \$45 million.
- In addition to the items mentioned above, the State is contesting other legal actions totaling approximately \$8 million plus attorney fees and interest in some cases.

B. Contingencies

- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. Other audit findings on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2002, is in process and management expects proposed disallowances to be immaterial.
- Management's estimated liability for the Underground Petroleum Storage Tank Fund (private purpose trust fund) is highly sensitive to change based on the short period of historical data and the uncertainties in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.
- The Utah Department of Transportation (UDOT) plans on seeking reimbursement from the Federal Highway Administration (FHWA) for approximately \$20 million per year for fiscal years 2003 through 2007. The related costs were incurred by the State as a result of the I-15 reconstruction project and were originally paid using state funds. UDOT has not recorded an accounts receivable for these future reimbursement requests because the requests are contingent upon sufficient future federal funds and federal obligation authority becoming available and future approval by the FHWA.
- The State is totally self-insured against liability claims and up to \$2.5 million in property claims. According to an actuarial study and other known factors, \$42.665 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the Administrative Services Risk Management Fund (internal service fund).
- The Utah School Bond Guaranty Act (*Utah Code Annotated, 1953*, as amended, Sections 53A-28-101 to 402), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guaranteed Bonds.

In the event a school board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guaranteed Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately any circumstances which suggest a local school board may not be able to pay its debt service obligations when due. The State does not expect that it will be required to advance monies for the payment of debt service on Guaranteed Bonds for any significant period of time.

Local school boards have \$1.139 billion principal amount of Guaranteed Bonds outstanding at June 30, 2002. The State cannot predict the amount of bonds that may be guaranteed in future years, but no limitation is currently imposed by the Guaranty Act.

- The Attorney General of the State sued the tobacco industry for medical costs related to smoking. The State of Utah has signed on to a master settlement agreement along with 45 other states. The major tobacco manufacturers and most smaller manufacturers have joined the agreement. The State received \$32.552 million from tobacco companies in fiscal year 2002 and expects to receive approximately \$31.9 million in fiscal year 2003. Annual payments are expected to continue for the next ten years but will be adjusted for factors such as inflation, decreased sales volume, previously settled law suits, disputed payments, and legal fees.

C. Commitments

- At June 30, 2002, the General Fund had loan commitments of approximately \$184 thousand.
- Utah Retirement Systems (pension trust funds) has at December 31, 2001, committed to fund certain alternative investment partnerships and real estate projects for an amount of \$1.102 billion. Funding of \$616 million has been provided, leaving an unfunded commitment of \$486 million as of December 31, 2001.
- As of June 30, 2002, the Utah Housing Corporation (component unit) has committed to purchase mortgages under the Single-Family Mortgage Purchase Program in the amount of \$23.572 million.
- At June 30, 2002, the Enterprise Funds had loan and grant commitments of approximately \$111 million (\$96 million in loans, \$15 million in grants).
- At June 30, 2002, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance

Programs, enterprise fund) had guaranteed student loans outstanding with an original principal amount of approximately \$1.6 billion.

- At June 30, 2002, the Department of Transportation had construction and other contract commitments of \$504.885 million, of which \$332.277 million is for Centennial Highway Fund (special revenue fund) projects and \$172.608 million is for Transportation Fund (special revenue fund) projects. These commitments will be funded with bonded debt and future appropriations.

NOTE 16. JOINT VENTURE

The Utah Communications Agency Network (UCAN) was created by the State Legislature in 1997 as an independent agency. Its purpose is to provide a single, coordinated public safety communication system in an eight-county area in Northern Utah. The fiscal year ending June 30, 2002, was UCAN's fourth year of operations.

UCAN's governing board is made of ten representatives from local governments and five representatives from state agencies. The chairman of the board of UCAN is the Chief of the South Jordan City Fire Department. The State has contracted to purchase communication services from UCAN to meet the needs of law enforcement officers in the Departments of Public Safety, Corrections, Natural Resources, and other smaller state agencies.

In fiscal year 1998 the State provided startup capital of \$185 thousand. UCAN receives federal funds as a subrecipient of grants awarded to the Department of Public Safety. UCAN also may receive legal counsel from the Attorney General's Office at no cost. Contracts with state agencies are estimated to provide over 30 percent of UCAN's operating revenues.

UCAN has \$16.087 million of certificates of participation debt outstanding, which was issued to purchase and install microwave towers and equipment. UCAN's debt is not a legal obligation of the State; however, if UCAN cannot meet its debt service requirements, state law allows the Governor to request an appropriation to restore the debt service reserve fund to its required level or to meet any principal or interest payment deficiency. The Legislature is not required to make any such appropriation, but if made, UCAN must repay the State within 18 months. To date, UCAN has never requested any such funding from the State and has had sufficient resources to cover its debt service and debt service reserve requirements.

The State Auditor's Office audits UCAN's financial statements. Copies of those statements can be obtained from UCAN's administrative office or from the State Auditor's Office.

NOTE 17. PENSION PLANS

Eligible employees of the State are covered by one of the following retirement plans:

A. Utah Retirement Systems

Utah Retirement Systems (URS) was established by Section 49 of *Utah Code Annotated, 1953*, as amended. URS administers the

pension systems and plans under the direction of the URS Board, which consists of the State Treasurer and six members appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans administered by it. URS maintains records and prepares separately issued financial statements using fund accounting principles and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Revenues, including contributions, are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2001, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for the Public Employees Retirement System (PERS) within the fiduciary funds. Copies of the separately issued financial report that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

The URS operations are comprised of the following groups of systems and plans covering substantially all employees of the State, public education, and other political subdivisions of the State:

- The Public Employees Contributory Retirement System (Contributory System); the Public Employees Noncontributory

Retirement System (Noncontributory System); and the Firefighters Retirement System, which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;

- The Public Safety Retirement System, which is a defined-benefit mixed cost-sharing and agent, multiple-employer retirement system;
- The Judges Retirement System and the Governors and Legislative Pension Plan, which are defined-benefit single-employer public employee retirement systems; and
- The 401(k) and 457 Plans, which are deferred compensation plans.

Retirement benefits are specified by Section 49 of *Utah Code Annotated, 1953*, as amended. The retirement systems are defined-benefit plans in which the benefits are based on age and/or years of service and highest average salary. Various plan options within the systems may be selected by retiring members. Some of the options require actuarial reductions based on attained age, age of spouse, and similar actuarial factors. A brief summary of eligibility for and benefits of the systems is provided in the following table:

Summary of Eligibility and Benefits

	Contributory System	Noncontributory System	Public Safety System	Firefighters System	Judges System
Highest Average Salary	Highest 5 Years	Highest 3 Years	Highest 3 Years	Highest 3 Years	Highest 2 Years
Years of Service	30 years any age	30 years any age	20 years any age	25 years any age	
Required and/or Age	*20 years age 60	*25 years any age	10 years age 60	*20 years age 55	
Eligible for Benefit	*10 years age 62 4 years age 65	*20 years age 60 *10 years age 62 4 years age 65	4 years age 65	10 years age 62 6 years age 70	
Benefit Percent per Year of Service	1.10% to June 1967 1.25% July 1967 to June 1975 2.00% July 1975 to present	2.00% per year	2.50% per year up to 20 years 2.00% per year over 20 years Benefit cannot exceed 70% of final average salary	5.00% first 10 years 2.25% second 10 years 1.00% over 20 years Benefit cannot exceed 75% of final average salary	

*With full actuarial reductions

Former governors at age 65 receive \$1,060 per month per term. Legislators receive a benefit actuarially reduced at age 62 with ten or more years of service, or an unreduced benefit at age 65 with four or more years of service at the rate of \$23.60 per month per year of service. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the systems may leave their retirement account intact for future

benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

As a condition of participation in the systems, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the Board. Employee contributions may be paid in part or in whole by the employer. Contributions in some systems are also augmented by fees, insurance premium taxes, or legislative appropriations. Below is a summary of system participants.

Participants
December 31, 2001

	Contributory System	Non- contributory System	Public Safety System	Fire- fighters System	Judges System	Governors and Legislative Pension Plan
Number of participating:						
Employers.....	164	374	116	39	1	1
Members:						
Active	3,760	81,385	6,905	1,498	105	92
Terminated vested.....	1,539	19,067	874	50	4	89
Retirees and beneficiaries:						
Service benefits.....	7,683	19,164	2,542	799	78	229
Disability benefits.....	165	—	47	68	—	—

Employer contribution rates consist of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the members during the current service year) and (2) an amount for amortization of the unfunded actuarial accrued liability over a period representing the remainder of the original 30 year amortization period. These rates are determined using the entry age actuarial cost method with a supplemental present value.

The following table presents the State of Utah's actuarially determined employer contributions required and paid to URS. These amounts are equal to the annual pension costs for each of the stated years and all of these amounts were paid for each year. Accordingly, the net pension obligation (NPO) at the end of each year was zero. For the Governors and Legislative Pension Plan, there has been no annual pension cost, required contributions, or NPO because the plan was overfunded for each of these years. Implementation of GASB Statement 34 has resulted in reclassification of some entities for the year ended June 30, 2002.

State of Utah's Employer Contributions
Required and Paid
For Fiscal Years Ended June 30
(Expressed in Thousands)

	Contributory System	Non- contributory System	Public Safety System	Fire- fighters System	Judges System	Total All Systems
Primary Government:						
2002	\$ 5,777	\$ 93,037	\$ 25,921	\$ 58	\$ 928	\$ 125,721
2001	\$ 4,902	\$ 78,752	\$ 19,772	\$ 56	\$ 1,615	\$ 105,097
2000	\$ 4,943	\$ 75,769	\$ 19,717	\$ 70	\$ 1,572	\$ 102,071
1999	\$ 5,005	\$ 72,361	\$ 17,075	\$ 67	\$ 1,868	\$ 96,376
1998	\$ 5,082	\$ 67,040	\$ 16,106	\$ 58	\$ 1,899	\$ 90,185
Component Units:						
Colleges and Universities:						
2002	\$ 1,904	\$ 28,028	\$ 399	\$ —	\$ —	\$ 30,331
2001	\$ 2,398	\$ 33,575	\$ 442	\$ —	\$ —	\$ 36,415
2000	\$ 2,469	\$ 32,839	\$ 445	\$ —	\$ —	\$ 35,753
1999	\$ 2,457	\$ 30,789	\$ 356	\$ —	\$ —	\$ 33,602
1998	\$ 2,478	\$ 29,214	\$ 344	\$ —	\$ —	\$ 32,036
Other:						
2002	\$ 43	\$ 258	\$ —	\$ —	\$ —	\$ 301
2001	\$ 50	\$ 352	\$ —	\$ —	\$ —	\$ 402
2000	\$ 143	\$ 2,416	\$ —	\$ —	\$ —	\$ 2,559
1999	\$ 134	\$ 2,158	\$ —	\$ —	\$ —	\$ 2,292
1998	\$ 130	\$ 1,989	\$ —	\$ —	\$ —	\$ 2,119
Total Primary Government and Component Units:						
2002	\$ 7,724	\$ 121,323	\$ 26,320	\$ 58	\$ 928	\$ 156,353
2001	\$ 7,350	\$ 112,679	\$ 20,214	\$ 56	\$ 1,615	\$ 141,914
2000	\$ 7,555	\$ 111,024	\$ 20,162	\$ 70	\$ 1,572	\$ 140,383
1999	\$ 7,596	\$ 105,308	\$ 17,431	\$ 67	\$ 1,868	\$ 132,270
1998	\$ 7,690	\$ 98,243	\$ 16,450	\$ 58	\$ 1,899	\$ 124,340

The following schedule summarizes contribution rates in effect as of December 31, 2001:

Contribution Rates as a Percent of Covered Payroll

System	Member	Employer	Other
Contributory	6.00%	4.19% – 5.91%	—
Noncontributory	—	8.20% – 10.40%	—
Public Safety:			
Contributory	10.50% – 13.74%	2.41% – 18.21%	—
Noncontributory	—	14.08% – 30.72%	—
Firefighters:			
Group A	6.77%	—	8.28%
Group B	8.43%	—	8.28%
Judges	5.55%	5.55%	18.93%
Governors and Legislative	—	—	—

401(k) and 457 Deferred Compensation Plans

The 401(k) Plan and 457 Plan administered by URS, in which the State participates, are deferred compensation plans. These plans are available as supplemental plans to the basic retirement benefits of the retirement systems for employees of employers which have adopted the 401(k) and 457 Plans. Voluntary contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the plans at rates determined by the employers. There are 329 employers participating in the 401(k) Plan and 153 employers participating in the 457 Plan. There are 129,524 employees and retirees of those employers who are members of the 401(k) Plan and 9,436 who are members of the 457 Plan.

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances. The 401(k) Plan and 457 Plan account balances are fully vested to the participants at the time of deposit. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the deferred compensation 401(k) Plan. The State and participating employers are required to contribute to employees who participate in the noncontributory retirement plan. The State contributes 1.5 percent of eligible employees' salaries which amount vests immediately. The amounts contributed to the 401(k) Plan during the year ended

June 30, 2002, by employees and employers are as follows: for Primary Government, \$48.071 million and \$15.230 million; for Component Units – Colleges and Universities, \$3.305 million and \$4.161 million; for Component Units – Other, \$130 thousand and \$44 thousand; and the combined total for all is \$51.506 million and \$19.435 million, respectively.

Pension Receivables and Investments

Investments are presented at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on an amortized cost basis which approximates fair value. The fair value of real estate investments has been estimated based on independent appraisals. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, have determined the fair value for the individual investments. Approximately 11 percent of the net assets held in trust for the pension benefits are invested in bonds of the U.S. Government and its instrumentalities. The systems and plans have no investments of any commercial or industrial organization whose fair value equals 5 percent or more of the net assets available for benefits. The principal components of the receivables and investment categories are presented below.

Pension Receivables and Investments
(Expressed in Thousands)

	Contributory System	Non- contributory System	Public Safety System	Fire- fighters System	Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	Total December 31, 2001
Receivables:									
Member Contributions.....	\$ 431	\$ —	\$ 178	\$ 241	\$ —	\$ —	\$ —	\$ —	\$ 850
Employer Contributions.....	410	19,494	1,773	1,806	147	—	—	—	23,630
Court Fees and Fire Insurance Premium.....	—	—	—	—	23	—	—	—	23
Investments	10,399	121,925	15,143	6,246	1,019	129	23,877	—	178,738
Total Receivables.....	<u>\$ 11,240</u>	<u>\$ 141,419</u>	<u>\$ 17,094</u>	<u>\$ 8,293</u>	<u>\$ 1,189</u>	<u>\$ 129</u>	<u>\$ 23,877</u>	<u>\$ 0</u>	<u>\$ 203,241</u>
Investments:									
Bonds	\$ 232,529	\$ 2,726,567	\$ 338,651	\$ 139,692	\$ 22,777	\$ 2,881	\$ 447,932	\$ 61,242	\$ 3,972,271
Equity Investments	474,591	5,564,908	691,187	285,111	46,488	5,880	821,153	112,391	8,001,709
Venture Capital	45,497	533,487	66,262	27,333	4,457	564	—	—	677,600
Real Estate.....	72,280	847,524	105,267	43,422	7,080	896	—	—	1,076,469
Mortgage Loans.....	225	2,647	330	136	22	3	—	—	3,363
Invested Securities									
Lending Collateral	105,414	1,236,060	153,526	63,328	10,326	1,306	28,099	4,012	1,602,071
Investment Contracts	—	—	—	—	—	—	36,705	25,913	62,618
Total Investments.....	<u>\$ 930,536</u>	<u>\$10,911,193</u>	<u>\$ 1,355,223</u>	<u>\$ 559,022</u>	<u>\$ 91,150</u>	<u>\$ 11,530</u>	<u>\$1,333,889</u>	<u>\$ 203,558</u>	<u>\$15,396,101</u>

Actuarial Methods and Assumptions

The latest actuarial valuation and study was dated January 1, 2001. The actuarial accrued liability and schedule of funding progress is presented by the retirement systems for the last ten years in their separately presented financial reports based on the report generated by that study conducted by Gabriel, Roeder, Smith & Company. The actuarial value of assets for that date is based on a smoothed expected investment income rate of 8 percent. Investment income in excess or shortfall of the expected 8 percent return on fair value is smoothed over a five-year period with 20 percent of a year's

excess or shortfall being recognized each year, beginning with the current year. All systems use the entry age actuarial cost method and the level percent of payroll amortization method. The remaining amortization period for all systems is open group, 20 years, closed period. An inflation rate of 3 percent is used for all systems. Post retirement cost of living adjustments are non-compounding and are based on the original benefit. The adjustments are also limited to the actual CPI increase for the year with any unusual CPI increase not met carried forward to subsequent years. Below is the Schedule of Funding Progress.

(Table presented on next page)

**Schedules of Funding Progress
By Valuation Date**
(Expressed in Thousands)

	Contributory System	Noncontributory System	Public Safety System	Firefighters System	Judges System	Governors and Legislative Pension Plan
Actuarial Value of Assets:						
January 1, 2000	\$ 878,190	\$ 9,237,447	\$ 1,146,331	\$ 483,374	\$ 78,130	\$ 10,946
January 1, 2001	\$ 924,573	\$ 10,361,333	\$ 1,286,996	\$ 536,503	\$ 87,139	\$ 11,569
December 31, 2001	\$ 945,723	\$ 11,086,134	\$ 1,376,466	\$ 569,151	\$ 92,649	\$ 11,710
Actuarial Accrued Liability (AAL):						
January 1, 2000	\$ 894,484	\$ 9,006,308	\$ 1,105,166	\$ 419,157	\$ 68,134	\$ 8,253
January 1, 2001	\$ 935,799	\$ 9,933,514	\$ 1,206,876	\$ 455,456	\$ 73,962	\$ 7,908
December 31, 2001	\$ 962,035	\$ 10,728,754	\$ 1,305,903	\$ 491,331	\$ 79,932	\$ 7,839
Unfunded Actuarial Accrued Liability (UAAL):						
January 1, 2000	\$ 16,294	\$ (231,139)	\$ (41,165)	\$ (64,217)	\$ (9,996)	\$ (2,693)
January 1, 2001	\$ 11,226	\$ (427,819)	\$ (80,120)	\$ (81,047)	\$ (13,177)	\$ (3,661)
December 31, 2001	\$ 16,312	\$ (357,380)	\$ (70,563)	\$ (77,820)	\$ (12,717)	\$ (3,871)
Funding Ratios:						
January 1, 2000	98.2%	102.6%	103.7%	115.3%	114.7%	132.6%
January 1, 2001	98.8%	104.3%	106.6%	117.8%	117.8%	146.3%
December 31, 2001	98.3%	103.3%	105.4%	115.8%	115.9%	149.4%
Annual Covered Payroll:						
January 1, 2000	\$ 137,561	\$ 2,499,087	\$ 226,057	\$ 57,561	\$ 10,104	\$ 468
January 1, 2001	\$ 141,067	\$ 2,659,200	\$ 247,985	\$ 63,274	\$ 10,397	\$ 464
December 31, 2001	\$ 142,882	\$ 2,832,060	\$ 260,783	\$ 67,192	\$ 10,927	\$ 556
UAAL as a Percent of Covered Payroll:						
January 1, 2000	11.8%	(9.2)%	(18.2)%	(111.6)%	(98.9)%	(575.4)%
January 1, 2001	8.0%	(16.1)%	(32.3)%	(128.1)%	(126.7)%	(789.0)%
December 31, 2001	11.4%	(12.6)%	(27.1)%	(115.8)%	(116.4)%	(696.2)%

B. Teachers Insurance and Annuity Association

The Teachers Insurance and Annuity Association and/or College Retirement Equities Fund (TIAA-CREF), privately administered defined-contribution retirement plans, provide individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and employees of the Student Assistance Programs. Benefits to retired employees are generally based on the value of the individual contracts and the

estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.2 percent of the employee's annual salary. Most of the employers contribute both the employer and the employee share of 7.1 percent. The State has no further liability once annual contributions are made.

The following table presents the State of Utah's actual employer contributions to the TIAA-CREF retirement system:

**State of Utah's Employer Contributions
For the Years Ended June 30, 2001 and 2002**
(Expressed in Thousands)

	Contribution Required and Paid 2001	Contribution Required and Paid 2002
Primary Government	\$ 611	\$ 572
Component Units:		
College and University	83,880	91,708
Total	<u>\$ 84,491</u>	<u>\$ 92,280</u>

NOTE 18. POSTEMPLOYMENT BENEFITS

At the option of the individual state departments, employees may be offered participation in a post-retirement benefits program, as set forth in Section 67-19-14(2) of the *Utah Code*. In order to qualify, the employee must be eligible to receive retirement benefits. Upon retirement most employees, including those age 65 and over, may be paid for 25 percent of unused accumulated sick leave at the employee's current rate of pay. In addition, the employee may receive health and life insurance coverage up to age 65, but not to exceed five years. If the employee has not reached age 65 after the five-year limitation is reached, they may exchange one sick leave day in excess of 60 days, after the 25 percent payout, for one month of paid health and life insurance coverage, or after age 65 spouse health insurance to age 65, or Medicare supplemental insurance for the employee or spouse. As of June 30, 2002, there were 1,492 individuals on the program. The insurance coverage is paid 100 percent by the State for individuals retiring before July 1, 2000. Individuals retiring thereafter are required to pay between 2 and 7 percent of the cost depending on the coverage selected.

The State has recorded an estimated liability for current employees who will eventually retire in addition to an estimated liability for employees who have already retired. The estimated 25 percent sick leave payouts at retirement are included in the liability for compensated absences. The postemployment benefits liability consists of the estimated liability for health and life insurance benefits. Charges to agency budgets are made on an ongoing basis to fund the current payments for these benefits and compensated absences. For the year ended June 30, 2002, the cumulative postemployment benefits liability was \$213.633 million, and \$43.977 million in postemployment benefits expenditures were recognized. In accordance with state law, accrued tax revenues are designated at yearend to fund postemployment benefits, compensated absences, and other liabilities. At June 30, 2002, net designated accrued taxes were \$301.519 million.

A liability is also reported in the Pension Trust Funds of \$1.565 million which will be liquidated by assets of Utah Retirement Systems.

All employers who participate in the State Retirement Systems are eligible to participate in the Public Employees Long-Term Disability Program per Section 49-21-201 of the *Utah Code*. Employees of those state agencies who participate in the program and meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits begin after a three month waiting period and are paid 100 percent by the program. As of June 30, 2002, there are 315 state employees receiving benefits. The program is funded by paying premiums to the Employees Group Insurance Fund (internal service fund), where assets are set aside for future payments. For the year ended June 30, 2002, the State paid \$4.351 million in premiums and the program has \$37.686 million in assets.

The colleges and universities offer early retirement incentives, as approved by their boards of trustees, which may provide health, dental, and life insurance; incentive pay or stipends; or long-term disability. Eligibility requirements differ, depending on the college or university. In general, the employee must be at least 52-60 years of age with a minimum of 15-16 years of service. Some of the colleges and universities also require that the sum of the employee's age and years of service be at least 75. The employee may receive these benefits up to age 65 but not to exceed 5-7 years. The ranges for incentive and stipend pay are from 14.28 percent to 30 percent of the employee's salary upon retirement. The benefits are funded on a pay-as-you-go basis. As of June 30, 2002, there are 506 individuals participating in the programs, and \$10.774 million was expended during the year. The total liability for postemployment benefits and compensated absences for the college and universities at June 30, 2002, was \$66.723 million. The postemployment benefits portion of the cumulative liability was \$19.210 million.

NOTE 19. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to periodically assess the proper combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management and Employees Group Insurance Funds (internal service funds). The State is the predominant participant in these pools. The Risk Management Fund manages the general property and liability risk of the State, and the Employees Group Insurance Fund manages the health insurance programs of the State. The University of Utah and Utah State University (component units) each maintain self-insurance funds to manage health care. The University of Utah also maintains self-insurance funds to manage auto/physical damage, and medical malpractice liabilities.

The State has determined that the risk funds can economically and effectively manage the State's risks internally and have set aside assets for claim settlement. The risks are covered through reserves and commercial insurance for excessive losses. The State has not had any losses or settlements that exceeded the commercial excess insurance coverage for any of the last three years. The risk funds service all claims for risk of loss to which the State is exposed, including general liability, property and casualty, group medical and dental, and some environmental claims. They also service the general risk claims for many local school districts and local health departments within the State. All funds, agencies, and public authorities of the State may participate in the State's Risk Management and Employees Group Insurance Funds. The risk funds allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each agency, public authority, or employee, based on each organization's estimated current year liability and property values.

The liability is determined using an independent actuarial study based on past, current, and estimated loss experiences.

Risk Management and Employees Group Insurance Fund claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated and include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Inflation is included in this calculation because reliance is based on historical data that reflects past inflation and other appropriate modifiers. Risk Management claims liabilities are reported at an 80 percent statistical confidence level. Employees Group Insurance Fund long-term disability benefit reserves are reported using a discount rate of 7 percent.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah and Utah State University report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah and the University Hospital have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by its respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances. Amounts for the current year are included below.

The following table presents the changes in claims liabilities balances (short-and long-term combined) during fiscal years ended June 30, 2001, and June 30, 2002:

Changes in Claims Liabilities
(Expressed in Thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2001	\$ 36,860	\$ 14,914	\$ (7,447)	\$ 44,327
2002	\$ 44,327	\$ 16,730	\$ (14,243)	\$ 46,814
Employees Group Insurance:				
2001	\$ 68,124	\$ 249,214	\$(242,939)	\$ 74,399
2002	\$ 74,399	\$ 292,401	\$(286,905)	\$ 79,895
College and University Self-Insurance:				
2001	\$ 20,844	\$ 89,613	\$ (91,059)	\$ 19,398
2002	\$ 19,398	\$ 100,036	\$ (91,576)	\$ 27,858

NOTE 20. SEGMENT INFORMATION

The Student Loan Program issues revenue bonds with the objective of providing funds to student borrowers and to lending institutions to assist students in obtaining a post-secondary education. The Program has issued revenue bonds under the authority of two

General Indentures. The General Indentures are accounted for in a single enterprise fund, but investors in the various revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for each indenture is presented below (in thousands):

	1988 Revenue Bond Fund	1993 Revenue Bond Fund	Total
Condensed Statement of Net Assets			
Assets			
Current Assets.....	\$ 156,330	\$ 241,845	\$ 398,175
Capital Assets	61	—	61
Other Noncurrent Assets.....	345,227	625,562	970,789
Total Assets.....	<u>501,618</u>	<u>867,407</u>	<u>1,369,025</u>
Liabilities			
Current Liabilities.....	34,849	7,102	41,951
Noncurrent Liabilities	392,731	827,463	1,220,194
Total Liabilities.....	<u>427,580</u>	<u>834,565</u>	<u>1,262,145</u>
Net Assets			
Restricted	74,038	32,842	106,880
Total Net Assets	<u>\$ 74,038</u>	<u>\$ 32,842</u>	<u>\$ 106,880</u>
Condensed Statement of Revenues, Expenses, and Changes in Net Assets			
Operating Revenues:			
Interest on Student Loans	\$ 19,356	\$ 34,441	\$ 53,797
Federal Allowances.....	5,929	3,695	9,624
Other	461	705	1,166
Total Operating Revenue	<u>25,746</u>	<u>38,841</u>	<u>64,587</u>
Operating Expenses:			
General Expense	18,972	31,925	50,897
Depreciation.....	406	—	406
Total Operating Expenses	<u>19,378</u>	<u>31,925</u>	<u>51,303</u>
Operating Income.....	6,368	6,916	13,284
Non Operating Investment Income	2,710	4,825	7,535
Change in Net Asset.....	9,078	11,741	20,819
Net Assets – Beginning.....	64,960	21,101	86,061
Net Assets – Ending.....	<u>\$ 74,038</u>	<u>\$ 32,842</u>	<u>\$ 106,880</u>
Condensed Statement of Cash Flows			
Net Cash Provided (used) by:			
Operating Activities	\$ 49,809	\$ (97,408)	\$ (47,599)
Noncapital Financing Activities.....	(17,383)	168,904	151,521
Capital and Related Financing Activities	(59)	—	(59)
Investing Activities	<u>(31,528)</u>	<u>(72,011)</u>	<u>(103,539)</u>
Net Increase (Decrease)	<u>839</u>	<u>(515)</u>	<u>324</u>
Beginning Cash and Cash Equivalents ...	4,393	4,122	8,515
Ending Cash and Cash Equivalents	<u>\$ 5,232</u>	<u>\$ 3,607</u>	<u>\$ 8,839</u>

NOTE 21. SUBSEQUENT EVENTS

On July 15, 2002, the State issued \$253.1 million of general obligation refunding bonds Series 2002 B. Proceeds of the bonds together with other funds were deposited into an irrevocable trust escrow account to advance refund portions of previously issued general obligation bonds in the following amounts: \$77.675 million of Series 1997 E bonds; \$100.675 million of Series 1997 F bonds; and \$85.325 million of Series 1998 A bonds.

The Student Loan Purchase Program issued additional Student Loan Revenue Bonds under the authority of the 1993 Revenue Bonds General Indenture, Tenth Supplemental Indenture in the amount of \$35.85 million dated September 1, 2002. The bonds are special obligation bonds of the Board and are secured, as provided by the indenture, by all assets of the 1993 Revenue Bond Fund and the revenues and receipts derived from such assets.

Subsequent to June 30, 2002, the Utah Housing Corporation (major component unit) issued \$19.0 million Single-Family Mortgage

Purchase Variable Rate Bonds, Series D, maturing on July 1, 2004, through 2010 and January 1, and July 1, 2033, interest at a variable rate adjusted weekly, and issued \$6.0 million Single-Family Mortgage Purchase Fixed Rate Bonds, 2002 Series D, maturing on July 1, 2018 and 2023, at interest rates of 5 percent to 5.35 percent.

In July 2002, Utah State University (major component unit) issued \$23.735 million Refunding and Research Revenue Bonds Series 2002 A. The bond proceeds will be used to acquire, construct, furnish and equip three research facilities including related office space. A portion of the funds is also being used to advance refund \$3.515 million of outstanding Research and Refunding Revenue Bonds, Series 1995 A, which mature on December 1 of 2006 through 2010. Interest rates on the bonds range from 2.50 percent to 5.25 percent with interest and principal payments from December 2002 through 2017.

REQUIRED SUPPLEMENTARY INFORMATION

State of Utah**Budgetary Comparison Schedule
General Fund**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	\$ 1,497,852	\$ 1,434,800	\$ 1,441,318	\$ 6,518
Licenses, Permits, and Fees:				
Insurance Fees	5,089	7,226	6,781	(445)
Court Fees	3,220	3,332	3,126	(206)
Other Licenses, Permits, and Fees	7,006	8,344	7,831	(513)
Investment Income	20,000	11,500	9,732	(1,768)
Miscellaneous Taxes and Other:				
Beer Tax	10,000	10,355	10,470	115
Cigarette and Tobacco Tax	51,000	48,945	49,486	541
Inheritance Tax	13,000	8,600	9,424	824
Insurance Premium Tax	59,013	50,550	56,616	6,066
Oil, Gas, and Mining Severance Tax	36,000	30,050	23,846	(6,204)
Taxpayer Rebates	(4,000)	(5,400)	(5,342)	58
Court Collections	6,522	6,762	6,344	(418)
Miscellaneous Other	11,027	20,036	19,057	(979)
Total General Revenues	<u>1,715,729</u>	<u>1,635,100</u>	<u>1,638,689</u>	<u>3,589</u>
Department Specific Revenues				
Restricted Sales Tax	2,964	2,964	2,993	29
Federal Contracts and Grants	1,252,266	1,342,706	1,342,706	—
Departmental Collections	176,193	182,484	211,932	29,448
Higher Education Collections	198,831	221,890	221,890	—
Federal Mineral Lease	36,300	36,300	29,367	(6,933)
Investment Income	9,927	9,927	6,596	(3,331)
Miscellaneous	290,681	310,453	351,160	40,707
Total Department Specific Revenues	<u>1,967,162</u>	<u>2,106,724</u>	<u>2,166,644</u>	<u>59,920</u>
Total Revenues	<u>3,682,891</u>	<u>3,741,824</u>	<u>3,805,333</u>	<u>63,509</u>
Expenditures				
General Government	196,494	188,894	169,000	19,894
Human Services and Youth Corrections	558,132	549,055	543,480	5,575
Corrections, Adult	195,171	184,916	183,359	1,557
Public Safety	137,464	156,250	148,970	7,280
Courts	104,110	102,390	100,568	1,822
Health and Environmental Quality	1,166,922	1,287,708	1,281,808	5,900
Higher Education – State Administration	43,478	42,155	42,155	—
Higher Education – Colleges and Universities	796,540	841,143	841,143	—
Employment and Family Services	259,784	327,118	327,100	18
Natural Resources	132,916	146,386	123,519	22,867
Community and Economic Development	121,641	101,659	87,940	13,719
Business, Labor, and Agriculture	63,649	65,017	54,137	10,880
Total Expenditures	<u>3,776,301</u>	<u>3,992,691</u>	<u>3,903,179</u>	<u>89,512</u>
Excess Revenues Over (Under) Expenditures	<u>(93,410)</u>	<u>(250,867)</u>	<u>(97,846)</u>	<u>153,021</u>
Other Financing Sources (Uses)				
Transfers In	269,571	226,550	226,550	—
Transfers Out	(294,324)	(334,242)	(334,242)	—
Total Other Financing Sources (Uses)	<u>(24,753)</u>	<u>(107,692)</u>	<u>(107,692)</u>	<u>0</u>
Net Change in Fund Balance	(118,163)	(358,559)	(205,538)	153,021
Budgetary Fund Balance – Beginning	404,898	404,898	404,898	—
Budgetary Fund Balance – Ending	<u>\$ 286,735</u>	<u>\$ 46,339</u>	<u>\$ 199,360</u>	<u>\$ 153,021</u>

State of Utah**Budgetary Comparison Schedule
Uniform School Fund**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	\$ 1,841,762	\$ 1,622,389	\$ 1,610,170	\$ (12,219)
Corporate Tax	205,482	107,740	127,320	19,580
Investment Income	5,000	4,000	9,648	5,648
Miscellaneous Other	8,000	8,650	5,556	(3,094)
Total General Revenues	<u>2,060,244</u>	<u>1,742,779</u>	<u>1,752,694</u>	<u>9,915</u>
Department Specific Revenues				
Federal Contracts and Grants	237,428	252,991	252,991	—
Departmental Collections	6,049	2,287	1,777	(510)
Miscellaneous:				
School Lunch Tax	14,507	14,507	15,606	1,099
Driver Education Fee	4,156	4,156	4,188	32
Other	7,349	7,349	8,936	1,587
Total Department Specific Revenues	<u>269,489</u>	<u>281,290</u>	<u>283,498</u>	<u>2,208</u>
Total Revenues	<u>2,329,733</u>	<u>2,024,069</u>	<u>2,036,192</u>	<u>12,123</u>
Expenditures				
Public Education	<u>2,086,987</u>	<u>2,032,579</u>	<u>2,005,507</u>	<u>27,072</u>
Total Expenditures	<u>2,086,987</u>	<u>2,032,579</u>	<u>2,005,507</u>	<u>27,072</u>
Excess Revenues Over (Under) Expenditures	<u>242,746</u>	<u>(8,510)</u>	<u>30,685</u>	<u>39,195</u>
Other Financing Sources (Uses)				
Transfers In	1,875	126,279	126,279	—
Transfers Out	<u>(280,733)</u>	<u>(189,388)</u>	<u>(189,388)</u>	<u>—</u>
Total Other Financing Sources (Uses)	<u>(278,858)</u>	<u>(63,109)</u>	<u>(63,109)</u>	<u>0</u>
Net Change in Fund Balance	(36,112)	(71,619)	(32,424)	39,195
Budgetary Fund Balance – Beginning	76,315	76,315	76,315	—
Budgetary Fund Balance – Ending	<u>\$ 40,203</u>	<u>\$ 4,696</u>	<u>\$ 43,891</u>	<u>\$ 39,195</u>

State of Utah**Budgetary Comparison Schedule
Transportation Fund**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	\$ 252,174	\$ 228,100	\$ 237,925	\$ 9,825
Special Fuel Tax	80,900	84,950	84,406	(544)
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	27,600	27,862	27,378	(484)
Proportional Registration Fees	13,275	12,653	11,665	(988)
Temporary Permits	443	432	401	(31)
Special Transportation Permits	6,638	6,375	5,831	(544)
Highway Use Permits	9,404	8,809	8,000	(809)
Motor Vehicle Control Fees	4,757	4,483	4,167	(316)
Miscellaneous	1,949	1,732	1,610	(122)
Investment Income	3,872	3,133	2,075	(1,058)
Miscellaneous Other	2,762	2,121	1,720	(401)
Total General Revenues	<u>403,774</u>	<u>380,650</u>	<u>385,178</u>	<u>4,528</u>
Department Specific Revenues				
Restricted Sales Tax	30,100	31,800	31,235	(565)
Federal Contracts and Grants	146,225	205,982	205,982	—
Departmental Collections	33,620	33,570	44,055	10,485
Federal Aeronautics	30,000	30,000	31,026	1,026
Investment Income	380	380	582	202
Miscellaneous	10,750	10,790	22,453	11,663
Total Department Specific Revenues	<u>251,075</u>	<u>312,522</u>	<u>335,333</u>	<u>22,811</u>
Total Revenues	<u>654,849</u>	<u>693,172</u>	<u>720,511</u>	<u>27,339</u>
Expenditures				
Transportation	<u>564,947</u>	<u>675,270</u>	<u>665,042</u>	<u>10,228</u>
Total Expenditures	<u>564,947</u>	<u>675,270</u>	<u>665,042</u>	<u>10,228</u>
Excess Revenues Over (Under) Expenditures	<u>89,902</u>	<u>17,902</u>	<u>55,469</u>	<u>37,567</u>
Other Financing Sources (Uses)				
Transfers In	30,422	36,131	36,131	—
Transfers Out	<u>(92,666)</u>	<u>(86,520)</u>	<u>(86,520)</u>	<u>—</u>
Total Other Financing Sources (Uses)	<u>(62,244)</u>	<u>(50,389)</u>	<u>(50,389)</u>	<u>0</u>
Net Change in Fund Balance	27,658	(32,487)	5,080	37,567
Budgetary Fund Balance – Beginning	86,675	86,675	86,675	—
Budgetary Fund Balance – Ending	<u>\$ 114,333</u>	<u>\$ 54,188</u>	<u>\$ 91,755</u>	<u>\$ 37,567</u>

State of Utah**Budgetary Comparison Schedule
Centennial Highway Fund**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	\$ 5,112	\$ 4,800	\$ 4,905	\$ 105
Motor Vehicle Registration Fees	18,670	17,500	18,120	620
Investment Income	2,000	2,100	2,931	831
Total General Revenues	<u>25,782</u>	<u>24,400</u>	<u>25,956</u>	<u>1,556</u>
Department Specific Revenues				
Federal Contracts and Grants	38,016	46,865	46,865	—
Miscellaneous	<u>5,460</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Department Specific Revenues	<u>43,476</u>	<u>46,865</u>	<u>46,865</u>	<u>0</u>
Total Revenues	<u>69,258</u>	<u>71,265</u>	<u>72,821</u>	<u>1,556</u>
Expenditures				
Transportation	<u>333,535</u>	<u>467,428</u>	<u>205,358</u>	<u>262,070</u>
Total Expenditures	<u>333,535</u>	<u>467,428</u>	<u>205,358</u>	<u>262,070</u>
Excess Revenues Over (Under) Expenditures	<u>(264,277)</u>	<u>(396,163)</u>	<u>(132,537)</u>	<u>263,626</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	125,000	277,810	277,810	—
Premium (Discount) on Bonds Issued	—	11,241	11,241	—
Transfers In	207,834	178,295	178,295	—
Transfers Out	<u>(82,658)</u>	<u>(93,385)</u>	<u>(93,385)</u>	<u>—</u>
Total Other Financing Sources (Uses)	<u>250,176</u>	<u>373,961</u>	<u>373,961</u>	<u>0</u>
Net Change in Fund Balance	(14,101)	(22,202)	241,424	263,626
Budgetary Fund Balance – Beginning	<u>63,933</u>	<u>63,933</u>	<u>63,933</u>	<u>—</u>
Budgetary Fund Balance – Ending	<u>\$ 49,832</u>	<u>\$ 41,731</u>	<u>\$ 305,357</u>	<u>\$ 263,626</u>

State of Utah**Budgetary Comparison Schedule
Budget To GAAP Reconciliation**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	General Fund	Uniform School Fund	Transportation Fund	Centennial Highway Fund
Revenues				
Actual total revenues (budgetary basis)	\$ 3,805,333	\$ 2,036,192	\$ 720,511	\$ 72,821
Differences – Budget to GAAP:				
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(274,012)	(6,968)	(22,026)	—
Higher education collections are budgetary revenues but are not revenues for financial reporting	(221,890)	—	—	—
Change in revenue accrual for nonbudgetary Medicaid claims	4,387	—	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting	5,960	(28,383)	(1,097)	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	<u>\$ 3,319,778</u>	<u>\$ 2,000,841</u>	<u>\$ 697,388</u>	<u>\$ 72,821</u>
Expenditures				
Actual total expenditures (budgetary basis)	\$ 3,903,179	\$ 2,005,507	\$ 665,042	\$ 205,358
Differences – Budget to GAAP:				
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(274,012)	(6,968)	(22,026)	—
Expenditures related to higher education collections are budgetary expenditures but are not expenditures for financial reporting	(221,890)	—	—	—
Certain budgetary transfers are reported as expenditures for financial reporting	541	—	—	—
Leave/postemployment charges budgeted as expenditures when earned rather than when taken or due	(1,581)	(299)	(857)	—
Change in accrual for Medicaid incurred but not reported claims excluded from the budget by statute	6,176	—	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	<u>\$ 3,412,413</u>	<u>\$ 1,998,240</u>	<u>\$ 642,159</u>	<u>\$ 205,358</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –BUDGETARY REPORTING**Budgetary Presentation**

A Budgetary Comparison Schedule is presented for each of the State's major governmental funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Debt Service Fund, a nonmajor fund. The budgets are enacted through passage of *Appropriations Acts*. Budgets for specific general revenues are not adopted through an *Appropriations Act* but are based on supporting estimates approved by the Executive Appropriations Committee of the Legislature. General revenues are those revenues available for appropriation for any program or purpose as allowed by law. Department-specific revenues are revenues dedicated by an *Appropriations Act* or restricted by other law or external grantor to a specific program or purpose.

Original budgets and related revenue estimates represent the spending authority enacted through *Appropriations Acts* as of June 30, 2001, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: 1) lapse to unrestricted balances and be available for future appropriation; 2) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or 3) be nonlapsing, which means balances are reported as reservations of fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

Changes in Budgetary Fund Balance — As discussed in Note 2 to the basic financial statements, the implementation of new accounting standards resulted in significant changes to the reported GAAP-basis fund balances, which in turn affect the budgetary fund balances. The beginning budgetary fund balances have been restated from the prior year for these changes.

Legal Compliance and Budget Management

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Planning and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the proposed budget is presented to the Legislature. The Legislature reviews the budget, makes changes, and prepares the annual *Appropriations Act*. The Legislature passes the *Appropriations Act* by a simple majority vote. The *Appropriations Act* becomes the State's authorized operating budget upon the Governor's signature. The appropriations may not exceed the estimated available funding for the fiscal year.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Act*. Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Act*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

The departments which spend more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. In the General Fund, the State Courts Administrator's budget for juror and witness fees was overexpended by \$374 thousand. This deficit is allowed by statute and will be funded with future appropriations. Also, the budget for the Medical Assistance Program (primarily Medicaid) was overexpended by \$1.834 million (excluding \$468 thousand of nonlapsing funds not available to cover the deficit). This deficit occurred because of increased utilization and program changes related to reinsurance, and is expected to be covered by the fiscal year 2003 appropriation. The Department of Health will continue its efforts to control expenditures of this complex entitlement program to help ensure overexpenditures do not occur in the future. All other appropriated budgets of the State were within their authorized spending levels.

The State also has an appropriation limitation statute that limits the growth in state appropriations in two ways. First, as population, personal income, and inflation increase, appropriations are allowed to increase only at the same relative rate. Second, the state-mandated property tax rate, which funds a portion of public education at the local level, is capped at the level set July 1, 1989. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for construction of capital facilities and Centennial Highway Fund projects, appropriations for debt service, and transfers to the Budgetary Reserve Account (Rainy Day Fund) are exempt from the appropriations limitation. Beginning in 2003, appropriations of unrestricted revenues to the Centennial Highway Fund will no longer be excluded from the appropriations limitation calculation. For the fiscal year ended June 30, 2002, the State was \$340.7 million below the appropriations limitation. The State is currently below the fiscal year 2003 appropriations limitation by \$294.1 million.

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the “modified approach,” infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the State.

Roads

UDOT uses the Pavement Management System to determine the condition of 5,855 centerline miles of state roads. The assessment is based on the Ride Index, which is a measure of ride quality on a 1 to 5 scale, with 5 representing new or nearly new pavements that provide a very smooth ride. The Ride Index is calculated from the International Roughness Index (IRI), with pavement type (asphalt or concrete) taken into account. The IRI is a mathematical statistic based on the longitudinal profile of the road.

Category	Range	Description
Very Good	4.35 - 5.00	New or nearly new pavements that provide a very smooth ride, and are mainly free of distress.
Good	3.55 - 4.34	Pavements which provide an adequate ride, and exhibit few, if any, visible signs of distress.
Fair	2.75 - 3.54	Surface defects in this category such as cracking, rutting, and raveling are affecting the ride.
Poor	1.85 - 2.74	These roadways have deteriorated to such an extent that they are in need of resurfacing and the ride is noticeably rough.
Very Poor	1.00 - 1.84	Pavements in this category are severely deteriorated, and the ride quality must be improved.

Condition Level

The State’s established condition level is to maintain 50 percent of its roads with a rating of “fair” or better and no more than 15 percent of roads with a rating of “very poor.”

The State performs complete assessments on a calendar year basis. The following table reports the result of pavements with ratings of “fair” or better (ratings of 2.75 through 5.0) or “very poor” (ratings of 1.0 through 1.84) for the last three years:

Rating	2001	2000	1999
Fair or Better	70.4%	66.5%	74.0%
Very Poor	8.3%	10.7%	7.3%

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,760 state-owned bridges. A number, ranging from 1-100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

Category	Range	Description
Good	80-100	Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs.
Fair	50-79	Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage.
Poor	1-49	Major rehabilitation and replace includes deck, beam, or substructure replacements or replacement of the entire bridge.

Condition Level

The State performs complete assessments on an annual basis ending April 1 of each year. The established condition level is to maintain 50 percent of the bridges with a rating of “good” and no more than 15 percent with a rating of “poor.” The following table reports the results of the bridges assessed for the past three years:

Rating	2002	2001	2000
Good	70.4%	67.0%	76.5%
Poor	2.8%	5.0%	10.8%

The following table presents the State’s estimated amounts needed to maintain and preserve the roads and bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2002	\$ 285,044	\$ 330,894
2001	\$ 281,497	\$ 246,399
2000	\$ 251,039	\$ 249,500
1999	\$ 238,970	\$ 263,568
1998	\$ 238,302	\$ 245,443

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SUPPLEMENTARY INFORMATION

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Nonmajor Governmental Funds

Tobacco Endowment Fund

This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends on fund assets is deposited in the General Fund.

Environmental Reclamation

This fund consists of various programs aimed at preserving open land, improving irrigation in the State, funding recycling programs, and funding cleanup and reclamation projects. Funds received are from state appropriations, fees and fines, recovered liens and costs, and voluntary contributions.

Crime Victim Reparation

This fund accounts for court ordered restitution and a surcharge on criminal fines, penalties, and forfeitures. Monies deposited in this fund are for victim reparations, other victim services, and, as appropriated, for costs of administering the fund.

Universal Telephone Services

This fund is designed to preserve and promote universal telephone service throughout the State by ensuring that all citizens have access to affordable basic telephone service. Revenues come from surcharges on customers' phone bills and from fines and penalties levied against telephone service providers by the Public Service Commission.

Consumer Education Fund

This fund accounts for revenues and expenditures associated with educating and training Utah residents in various consumer matters. Funding is provided through the assessment and collection of fines and penalties from various regulated professions.

Rural Development Fund

This fund promotes various programs in rural areas of the State including construction of communications systems and economic development grants to Native American tribes. Funding comes from oil and gas severance taxes and from royalties on mineral extractions on federal land within the State.

State Capitol Fund

This fund was created to account for the funding and operations of the State Capitol Preservation Board. Funds are used in part to pay for repairs, maintenance, and the restoration of Capitol Hill facilities and grounds. Funding is provided through private donations, fees, and legislative appropriations.

Utah Sports Authority Fund

This fund was created to account for revenues and expenditures associated with the Utah Sports Authority. Sales and use tax revenues were used to construct winter Olympic facilities that were sold to the Salt Lake Organizing Committee in July of 1999. This fund will continue to exist until 2003 when it will automatically sunset pursuant to state law.

Miscellaneous Special Revenue

This fund is made up of individual small funds set up to account for various revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects—General Government

This fund accounts for the acquisition or construction of major capital facilities for use by the State and its component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

Capital Projects—State Building Ownership Authority (Blended Component Unit)

This fund accounts for the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

Debt Service—General Government

This fund accounts for the payment of principal and interest on the State's general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

Debt Service—State Building Ownership Authority (Blended Component Unit)

This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority.

State of Utah**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2002

(Expressed in Thousands)

	Special Revenue			
	Tobacco Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
ASSETS				
Cash and Cash Equivalents	\$ 126	\$ 937	\$ 1,109	\$ 8,948
Investments	41,405	23,249	15,568	—
Receivables:				
Accounts, net	—	—	—	—
Accrued Interest	—	1	—	—
Notes/Mortgages, net	—	50	—	—
Due From Other Funds	—	—	—	—
Due From Component Units	—	—	—	—
Total Assets	<u>\$ 41,531</u>	<u>\$ 24,237</u>	<u>\$ 16,677</u>	<u>\$ 8,948</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ —	\$ 177	\$ 118	\$ 41
Due To Other Funds	—	1	1	12
Deferred Revenue	—	1	—	—
Total Liabilities	<u>0</u>	<u>179</u>	<u>119</u>	<u>53</u>
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	—	—	—	—
Specific Purposes by Statute	41,531	17,029	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Unreserved Designated, reported in nonmajor:				
Special Revenue Funds	—	—	—	—
Capital Projects Funds	—	—	—	—
Debt Service Funds	—	—	—	—
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	7,029	16,558	8,895
Total Fund Balances	<u>41,531</u>	<u>24,058</u>	<u>16,558</u>	<u>8,895</u>
Total Liabilities and Fund Balances	<u>\$ 41,531</u>	<u>\$ 24,237</u>	<u>\$ 16,677</u>	<u>\$ 8,948</u>

Special Revenue					Capital Projects	
Consumer Education	Rural Development	State Capitol	Utah Sports Authority	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
\$ 903 2,162	\$ 3,219 8,043	\$ 269 —	\$ 694 —	\$ 1,044 6,335	\$ 65,321 145,022	\$ — 114,283
—	—	7	—	—	247	—
—	—	—	—	—	—	—
—	155	—	—	—	334	—
—	—	34	—	1	2,548	—
—	—	—	—	—	2,924	—
<u>\$ 3,065</u>	<u>\$ 11,417</u>	<u>\$ 310</u>	<u>\$ 694</u>	<u>\$ 7,380</u>	<u>\$ 216,396</u>	<u>\$ 114,283</u>
\$ 75 23 —	\$ — 60 —	\$ 14 275 —	\$ 2 3 —	\$ 55 478 —	\$ 13,574 1,014 245	\$ 577 9,883 —
<u>98</u>	<u>60</u>	<u>289</u>	<u>5</u>	<u>533</u>	<u>14,833</u>	<u>10,460</u>
—	—	—	—	—	148,450	15,850
—	—	—	—	6,238	199	—
—	—	—	—	—	—	87,928
—	—	—	—	—	—	—
—	—	—	657	—	—	—
—	—	—	—	—	52,914	45
—	—	—	—	—	—	—
2,967	11,357	21	32	609	—	—
<u>2,967</u>	<u>11,357</u>	<u>21</u>	<u>689</u>	<u>6,847</u>	<u>201,563</u>	<u>103,823</u>
<u>\$ 3,065</u>	<u>\$ 11,417</u>	<u>\$ 310</u>	<u>\$ 694</u>	<u>\$ 7,380</u>	<u>\$ 216,396</u>	<u>\$ 114,283</u>

Continues

State of Utah**Combining Balance Sheet
Nonmajor Governmental Funds****Continued**

June 30, 2002

(Expressed in Thousands)

	Debt Service		Total
	General	State Building	Nonmajor
	Government	Ownership	Governmental
		Authority	Funds
ASSETS			
Cash and Cash Equivalents	\$ 29,249	\$ 3,619	\$ 115,438
Investments	12,230	6,907	375,204
Receivables:			
Accounts, net	—	27,676	27,930
Accrued Interest	—	15	16
Notes/Mortgages, net	—	—	539
Due From Other Funds	—	24	2,607
Due From Component Units	—	15,630	18,554
Total Assets	<u>\$ 41,479</u>	<u>\$ 53,871</u>	<u>\$ 540,288</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 27,274	\$ 681	\$ 42,588
Due To Other Funds	132	1,075	12,957
Deferred Revenue	—	43,306	43,552
Total Liabilities	<u>27,406</u>	<u>45,062</u>	<u>99,097</u>
Fund Balances:			
Reserved for:			
Nonlapsing Appropriations and Encumbrances	—	—	164,300
Specific Purposes by Statute	—	—	64,997
Capital Projects	—	—	87,928
Debt Service	5,900	8,809	14,709
Unreserved Designated, reported in nonmajor:			
Special Revenue Funds	—	—	657
Capital Projects Funds	—	—	52,959
Debt Service Funds	8,173	—	8,173
Unreserved Undesignated, reported in nonmajor:			
Special Revenue Funds	—	—	47,468
Total Fund Balances	<u>14,073</u>	<u>8,809</u>	<u>441,191</u>
Total Liabilities and Fund Balances	<u>\$ 41,479</u>	<u>\$ 53,871</u>	<u>\$ 540,288</u>

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State of Utah**Combining Statement Of Revenues,
Expenditures, And Changes In Fund Balances
Nonmajor Governmental Funds**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Special Revenue			
	Tobacco Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
REVENUES				
Taxes:				
Other Taxes	\$ —	\$ —	\$ —	\$ —
Total Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Revenues:				
Federal Contracts and Grants	—	170	2,167	—
Charges for Services	—	3	5,711	—
Licenses, Permits, and Fees	—	2,803	—	5,164
Federal Mineral Lease	—	—	—	—
Intergovernmental	—	—	—	—
Investment Income	(2,608)	578	367	—
Miscellaneous and Other	16,276	—	—	—
Total Revenues	<u>13,668</u>	<u>3,554</u>	<u>8,245</u>	<u>5,164</u>
EXPENDITURES				
Current:				
General Government	—	1,275	5,046	—
Human Services and Youth Corrections	—	—	—	—
Corrections, Adult	—	—	—	—
Public Safety	—	—	—	—
Courts	—	—	—	—
Health and Environmental Quality	—	2,105	—	—
Natural Resources	—	20	—	—
Community and Economic Development	—	—	—	—
Business, Labor, and Agriculture	—	—	—	6,742
Public Education	—	—	—	—
Transportation	—	—	—	—
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	<u>0</u>	<u>3,400</u>	<u>5,046</u>	<u>6,742</u>
Excess Revenues Over (Under) Expenditures	<u>13,668</u>	<u>154</u>	<u>3,199</u>	<u>(1,578)</u>
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	—
Revenue Bonds Issued	—	—	—	—
Premium (Discount) on Bonds Issued	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Payment of Current Bond Refunding	—	—	—	—
Transfers In	342	2,437	—	—
Transfers Out	—	(89)	(810)	—
Total Other Financing Sources (Uses)	<u>342</u>	<u>2,348</u>	<u>(810)</u>	<u>0</u>
SPECIAL ITEM				
Sale of Olympic Park Facilities	—	—	—	—
Distribution to Local Governments	—	—	—	—
Net Change in Fund Balances	<u>14,010</u>	<u>2,502</u>	<u>2,389</u>	<u>(1,578)</u>
Fund Balances – Beginning (as restated)	27,521	21,556	14,169	10,473
Fund Balances – Ending	<u>\$ 41,531</u>	<u>\$ 24,058</u>	<u>\$ 16,558</u>	<u>\$ 8,895</u>

Special Revenue					Capital Projects	
Consumer Education	Rural Development	State Capitol	Utah Sports Authority	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
\$ —	\$ 3,145	\$ —	\$ —	\$ —	\$ —	\$ —
0	3,145	0	0	0	0	0
—	—	—	3,107	4,123	—	—
154	—	251	—	922	—	—
602	—	—	—	—	—	—
—	1,160	—	—	—	—	—
—	—	—	—	—	7,611	—
80	189	9	83	160	150	1,375
—	—	—	—	487	1,171	—
836	4,494	260	3,190	5,692	8,932	1,375
—	—	2,771	—	2,974	6,975	—
—	—	—	—	410	1,477	—
—	—	—	—	—	2,611	—
—	—	—	—	1,511	1,476	—
—	—	—	—	—	6,745	—
—	—	—	—	—	330	—
—	—	—	—	—	1,669	—
—	1,223	—	3,517	114	—	—
1,546	—	—	—	—	13	—
—	—	—	—	123	87	—
—	—	—	—	8	1,092	—
—	—	—	—	—	100,092	12,477
—	—	—	—	—	—	—
—	—	—	—	—	—	—
1,546	1,223	2,771	3,517	5,140	122,567	12,477
(710)	3,271	(2,511)	(327)	552	(113,635)	(11,102)
—	—	—	—	—	143,390	—
—	—	—	—	—	—	112,695
—	—	—	—	—	6,058	2,898
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	2,525	—	400	41,077	—
(159)	—	—	(28,851)	—	(1,445)	(2,890)
(159)	0	2,525	(28,851)	400	189,080	112,703
—	—	—	58,512	—	—	—
—	—	—	(29,772)	—	—	—
(869)	3,271	14	(438)	952	75,445	101,601
3,836	8,086	7	1,127	5,895	126,118	2,222
\$ 2,967	\$ 11,357	\$ 21	\$ 689	\$ 6,847	\$ 201,563	\$ 103,823

Continues

State of Utah**Combining Statement Of Revenues,
Expenditures, And Changes In Fund Balances
Nonmajor Governmental Funds****Continued**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Debt Service		Total
	General	State Building	Nonmajor
	Government	Ownership	Governmental
		Authority	Funds
REVENUES			
Taxes:			
Other Taxes	\$ —	\$ —	\$ 3,145
Total Taxes	<u>0</u>	<u>0</u>	<u>3,145</u>
Other Revenues:			
Federal Contracts and Grants	—	—	9,567
Charges for Services	—	—	7,041
Licenses, Permits, and Fees	—	—	8,569
Federal Mineral Lease	—	—	1,160
Intergovernmental	—	—	7,611
Investment Income	57	171	611
Miscellaneous and Other	—	23,031	40,965
Total Revenues	<u>57</u>	<u>23,202</u>	<u>78,669</u>
EXPENDITURES			
Current:			
General Government	—	—	19,041
Human Services and Youth Corrections	—	—	1,887
Corrections, Adult	—	—	2,611
Public Safety	—	—	2,987
Courts	—	—	6,745
Health and Environmental Quality	—	—	2,435
Natural Resources	—	—	1,689
Community and Economic Development	—	—	4,854
Business, Labor, and Agriculture	—	—	8,301
Public Education	—	—	210
Transportation	—	—	1,100
Capital Outlay	—	—	112,569
Debt Service:			
Principal Retirement	92,800	11,498	104,298
Interest and Other Charges	56,393	14,497	70,890
Total Expenditures	<u>149,193</u>	<u>25,995</u>	<u>339,617</u>
Excess Revenues Over (Under) Expenditures	<u>(149,136)</u>	<u>(2,793)</u>	<u>(260,948)</u>
OTHER FINANCING SOURCES (USES)			
General Obligation Bonds Issued	—	—	143,390
Revenue Bonds Issued	—	1,694	114,389
Premium (Discount) on Bonds Issued	7,915	1,041	17,912
Refunding Bonds Issued	208,000	—	208,000
Payment of Current Bond Refunding	(208,000)	—	(208,000)
Transfers In	148,191	3,895	198,867
Transfers Out	(35)	—	(34,279)
Total Other Financing Sources (Uses)	<u>156,071</u>	<u>6,630</u>	<u>440,279</u>
SPECIAL ITEM			
Sale of Olympic Park Facilities	—	—	58,512
Distribution to Local Governments	—	—	(29,772)
Net Change in Fund Balances	<u>6,935</u>	<u>3,837</u>	<u>208,071</u>
Fund Balances – Beginning (as restated)	7,138	4,972	233,120
Fund Balances – Ending	<u>\$ 14,073</u>	<u>\$ 8,809</u>	<u>\$ 441,191</u>

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State of Utah**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
GENERAL GOVERNMENT					
Legislature					
1	Senate	\$ 2,567	\$ —	\$ —	\$ 2,567
2	House	3,068	—	—	3,068
5	Printing	840	—	243	1,083
6	Research and General Counsel	5,417	—	—	5,417
7	Tax Review Commission	54	—	—	54
8	Constitutional Revision Commission	63	—	—	63
4	Fiscal Analyst	2,783	—	—	2,783
3	Auditor General	2,351	—	—	2,351
	Total Legislature	17,143	0	243	17,386
Elected Officials					
17	State Treasurer	\$ 2,457	\$ —	\$ 135	\$ 2,592
9	GOV – Administrative Office	2,862	—	514	3,376
14	GOV – Planning and Budget	11,883	176	830	12,889
10	GOV – Elections	714	—	—	714
15	GOV – Criminal and Juvenile Justice	2,727	13,039	99	15,865
11	GOV – Women and Families	21	—	2	23
12	GOV – Emergency and Contingency Fund	102	—	—	102
13	GOV – RS 2477 Right of Way	2,827	—	—	2,827
18	Attorney General	13,972	663	10,713	25,348
21	AG – Antitrust Prosecutions	229	—	—	229
19	AG – Child Welfare	3,799	—	2,116	5,915
22	AG – Prosecution Council	490	—	25	515
23	AG – Domestic Violence	85	—	—	85
20	AG – Children's Justice Centers	2,200	65	—	2,265
16	State Auditor	2,925	—	713	3,638
	Total Elected Officials	47,293	13,943	15,147	76,383
Government Operations					
51	Department of Administrative Services	\$ 797	\$ —	\$ 203	\$ 1,000
53	DAS – Administrative Rules	286	—	—	286
54	DAS – Facilities Construction and Management	2,999	—	—	2,999
55	DAS/DFCM – Facilities Management	108	—	155	263
56	DAS – Archives	2,050	—	21	2,071
57	DAS – Finance	11,972	—	1,339	13,311
59	DAS – Post Conviction Indigent Defense Fund	498	—	—	498
58	DAS – Mandated Expenditures	1,921	—	—	1,921
60	DAS – Judicial Conduct Commission	247	—	—	247
61	DAS – Purchasing	1,322	—	77	1,399
72	Tax Commission – Administration	54,013	625	5,729	60,367
73	TAX – License Plates	2,671	—	1,979	4,650
74	TAX – Liquor Profits Distribution	2,457	—	—	2,457
100	Career Service Review Board	182	—	—	182
101	Human Resource Management	3,247	—	227	3,474
	Total Government Operations	84,770	625	9,730	95,125
	Total General Government	\$ 149,206	\$ 14,568	\$ 25,120	\$ 188,894

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 1,642	\$ —	\$ —	\$ 925	1
3,064	—	—	4	2
691	—	—	392	5
5,006	—	—	411	6
51	—	—	3	7
53	—	—	10	8
1,882	—	—	901	4
1,910	—	—	441	3
<u>14,299</u>	<u>0</u>	<u>0</u>	<u>3,087</u>	
\$ 2,234	\$ 104	\$ —	\$ 254	17
2,839	—	—	537	9
10,284	—	—	2,605	14
463	—	—	251	10
15,516	—	—	349	15
22	1	—	—	11
—	—	—	102	12
1,795	—	—	1,032	13
25,339	—	—	9	18
229	—	—	—	21
4,588	—	—	1,327	19
426	—	31	58	22
84	—	—	1	23
2,177	—	—	88	20
3,498	—	—	140	16
<u>69,494</u>	<u>105</u>	<u>31</u>	<u>6,753</u>	
\$ 1,000	\$ —	\$ —	\$ —	51
280	—	—	6	53
2,987	12	—	—	54
263	—	—	—	55
2,064	—	—	7	56
10,635	—	—	2,676	57
27	—	—	471	59
1,663	51	—	207	58
234	—	—	13	60
1,379	—	—	20	61
56,460	—	—	3,907	72
2,302	—	—	2,348	73
2,457	—	—	—	74
140	—	—	42	100
3,316	—	—	158	101
<u>85,207</u>	<u>63</u>	<u>0</u>	<u>9,855</u>	
<u>\$ 169,000</u>	<u>\$ 168</u>	<u>\$ 31</u>	<u>\$ 19,695</u>	

Continues

State of Utah**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund****Continued**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
HUMAN SERVICES					
134	Department of Human Services	\$ 8,944	\$ 5,784	\$ 5,032	\$ 19,760
136	Mental Health	58,689	3,936	11,120	73,745
137	Substance Abuse	11,666	18,369	15	30,050
135	Drug Court Program	1,647	—	—	1,647
138	People with Disabilities	40,445	3,445	100,024	143,914
139	Recovery Services	11,993	26,390	4,506	42,889
140	Family Services	66,793	39,168	22,508	128,469
32	Youth Corrections	71,592	871	15,775	88,238
33	Youth Parole Authority	291	8	—	299
141	Aging and Adult Services	12,496	7,079	469	20,044
	Total Human Services	<u>\$ 284,556</u>	<u>\$ 105,050</u>	<u>\$ 159,449</u>	<u>\$ 549,055</u>
CORRECTIONS					
24	Corrections Administration	\$ 8,600	\$ —	\$ 248	\$ 8,848
25	DOC – Field Operations	35,941	—	2,551	38,492
26	DOC – Institutional Operations	106,433	676	1,928	109,037
27	DOC – Draper Medical Services	17,273	—	718	17,991
29	DOC – Jail Reimbursements	7,761	—	—	7,761
31	DOC – Board of Pardons	2,786	—	1	2,787
	Total Corrections	<u>\$ 178,794</u>	<u>\$ 676</u>	<u>\$ 5,446</u>	<u>\$ 184,916</u>
PUBLIC SAFETY					
Department of Public Safety					
40	DPS – Commissioner's Office	\$ 3,366	\$ 26,711	\$ 69	\$ 30,146
41	DPS – Emergency Management	2,350	9,162	602	12,114
42	DPS – Safety Promotion	49	—	—	49
43	DPS – Officer Standards and Training	2,670	2,593	22	5,285
44	DPS – Investigative Services	12,658	776	4,516	17,950
45	DPS – Liquor Law Enforcement	1,052	—	—	1,052
46	DPS – Driver License	19,375	—	5	19,380
47	DPS – Highway Patrol	35,713	3,921	2,750	42,384
48	DPS – Information Management	1,718	—	412	2,130
49	DPS – State Fire Marshall	4,151	—	155	4,306
	Total Department of Public Safety	<u>83,102</u>	<u>43,163</u>	<u>8,531</u>	<u>134,796</u>
Utah National Guard					
240	Utah National Guard Administration	\$ 4,334	\$ 16,762	\$ 358	\$ 21,454
	Total Public Safety	<u>\$ 87,436</u>	<u>\$ 59,925</u>	<u>\$ 8,889</u>	<u>\$ 156,250</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 19,665	\$ 34	\$ —	\$ 61	134
73,721	—	—	24	136
30,038	—	—	12	137
1,647	—	—	—	135
143,874	—	—	40	138
42,809	80	—	—	139
124,678	1,593	184	2,014	140
86,771	—	—	1,467	32
291	—	—	8	33
19,986	33	—	25	141
<u>\$ 543,480</u>	<u>\$ 1,740</u>	<u>\$ 184</u>	<u>\$ 3,651</u>	
\$ 8,820	\$ —	\$ —	\$ 28	24
38,458	—	—	34	25
108,251	—	—	786	26
17,441	—	—	550	27
7,761	—	—	—	29
2,628	—	—	159	31
<u>\$ 183,359</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,557</u>	
\$ 29,563	\$ 5	\$ —	\$ 578	40
10,670	—	1,416	28	41
49	—	—	—	42
5,259	—	5	21	43
16,382	14	29	1,525	44
1,032	1	—	19	45
17,538	—	8	1,834	46
41,042	31	377	934	47
2,123	7	—	—	48
3,902	—	2	402	49
<u>127,560</u>	<u>58</u>	<u>1,837</u>	<u>5,341</u>	
\$ 21,410	\$ —	\$ —	\$ 44	240
<u>\$ 148,970</u>	<u>\$ 58</u>	<u>\$ 1,837</u>	<u>\$ 5,385</u>	

Continues

State of Utah**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund****Continued**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
STATE COURTS					
24	Judicial Council	\$ 75,744	\$ 98	\$ 2,686	\$ 78,528
36	Grand Jury Prosecution	1	—	—	1
35	Contracts and Leases	18,644	—	187	18,831
38	Juror and Witness Fees	1,310	—	3	1,313
39	Guardian Ad Litem	3,717	—	—	3,717
	Total State Courts	<u>\$ 99,416</u>	<u>\$ 98</u>	<u>\$ 2,876</u>	<u>\$ 102,390</u>
HEALTH and ENVIRONMENTAL QUALITY					
—	Commodities	\$ —	\$ 4,119	\$ —	\$ 4,119
121	Department of Health	6,026	4,746	1,891	12,663
123	Health System Improvements	6,543	3,568	3,871	13,982
124	Rural Physicians	1,233	55	—	1,288
125	Nursing Education Assistance	388	—	—	388
127	Epidemiology and Laboratory Services	5,117	7,660	2,675	15,452
128	Community and Family Health Services	16,247	51,156	19,019	86,422
129	Health Care Financing	10,809	45,621	22,433	78,863
130	Medical Assistance	189,120	668,702	141,703	999,525
132	Local Health Department	2,086	—	—	2,086
126	Special Population Health	199	—	—	199
131	Children's Health Insurance Program	5,496	24,027	622	30,145
133	Medical Education Council	278	52	204	534
241	Environmental Quality	20,538	14,167	7,337	42,042
	Total Health and Environmental Quality	<u>\$ 264,080</u>	<u>\$ 823,873</u>	<u>\$ 199,755</u>	<u>\$ 1,287,708</u>
HIGHER EDUCATION					
189	Board of Regents	\$ 3,052	\$ 77	\$ —	\$ 3,129
191	REG – Federal Programs	—	526	—	526
190	REG – Engineering Initiative	4,975	—	—	4,975
192	REG – Student Aid	6,118	381	4	6,503
193	REG – WICHE	1,058	—	4	1,062
194	REG – T. H. Bell Scholarship Program	631	—	192	823
195	REG – Apprenticeship Training	208	—	—	208
196	REG – University Centers	264	—	—	264
197	REG – UEN Technology Initiative	2,785	—	—	2,785
198	REG – Electronic Community College	530	—	—	530
199	REG – Academic Library Council	3,268	—	—	3,268
143	U of U – Education and General	181,011	—	66,000	247,011
144	U of U – Educationally Disadvantaged	720	—	—	720
145	U of U – College of Medicine	20,367	—	6,183	26,550
146	U of U – University Hospital	4,462	—	311	4,773
147	U of U – Regional Dental Education	577	—	110	687
148	U of U – Research and Training Grants	5,536	—	—	5,536
149	U of U – Public Service	1,136	—	—	1,136
150	U of U – Statewide TV Administration	2,418	—	—	2,418
151	U of U – Land Grant Interest	—	—	439	439

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 76,725	\$ —	\$ 367	\$ 1,436	24
1	—	—	—	36
18,568	—	—	263	35
1,687	—	—	(374)	38
3,587	—	—	130	39
<u>\$ 100,568</u>	<u>\$ 0</u>	<u>\$ 367</u>	<u>\$ 1,455</u>	
\$ 4,119	\$ —	\$ —	\$ —	—
12,314	10	14	325	121
12,704	3	—	1,275	123
424	—	—	864	124
190	—	—	198	125
15,112	26	—	314	127
86,080	2	—	340	128
78,861	2	—	—	129
1,000,891	—	—	(1,366)	130
2,086	—	—	—	132
109	—	—	90	126
30,145	—	—	—	131
471	—	—	63	133
38,302	—	1,899	1,841	241
<u>\$ 1,281,808</u>	<u>\$ 43</u>	<u>\$ 1,913</u>	<u>\$ 3,944</u>	
\$ 3,129	\$ —	\$ —	\$ —	189
526	—	—	—	191
4,975	—	—	—	190
6,503	—	—	—	192
1,062	—	—	—	193
823	—	—	—	194
208	—	—	—	195
264	—	—	—	196
2,785	—	—	—	197
530	—	—	—	198
3,268	—	—	—	199
247,011	—	—	—	143
720	—	—	—	144
26,550	—	—	—	145
4,773	—	—	—	146
687	—	—	—	147
5,536	—	—	—	148
1,136	—	—	—	149
2,418	—	—	—	150
439	—	—	—	151

Continues

State of Utah**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund****Continued**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
HIGHER EDUCATION (Continued)					
152	U of U – Area Health Education Center	1,059	—	—	1,059
153	U of U – Poison Control Center	—	—	1,732	1,732
154	USU – Education and General	94,582	—	38,013	132,595
155	USU – Educationally Disadvantaged	234	—	—	234
160	USU – Water Research Laboratory	2,206	—	—	2,206
161	USU – Research and Training Grants	2,533	—	—	2,533
162	USU – Ecology Center	835	—	—	835
163	USU – Agriculture Experiment Station	12,239	2,924	—	15,163
164	USU – Cooperative Extension Service	11,293	2,766	—	14,059
156	USU – Uintah Basin CEC	2,603	—	1,611	4,214
157	USU – Southeastern Utah CEC	684	—	334	1,018
165	USU – Jensen Historic Farm	156	—	—	156
166	USU – Production Center	354	—	—	354
167	USU – Land Grant Interest	—	—	245	245
158	USU – Brigham City CEC	267	—	873	1,140
159	USU – Tooele CEC	783	—	2,049	2,832
168	Weber – Education and General	56,234	—	27,249	83,483
169	Weber – Educationally Disadvantaged	327	—	—	327
170	SUU – Education and General	26,441	—	9,798	36,239
171	SUU – Educationally Disadvantaged	91	—	—	91
172	SUU – Shakespearean Festival	13	—	—	13
173	Snow College – Education and General	11,970	—	4,142	16,112
174	Snow College – Educationally Disadvantaged	33	—	—	33
175	Snow College South	3,417	—	—	3,417
177	Dixie – Education and General	16,406	—	7,394	23,800
178	Dixie – Educationally Disadvantaged	38	—	—	38
179	Dixie – Zion Park Amphitheatre	58	—	37	95
180	CEU – Education and General	9,720	—	2,238	11,958
181	CEU – Educationally Disadvantaged	121	—	—	121
182	CEU – Prehistoric Museum	180	—	—	180
183	CEU – San Juan Center	1,749	—	516	2,265
184	UVSC – Education and General	41,095	—	31,705	72,800
185	UVSC – Educationally Disadvantaged	129	—	—	129
186	SLCC – Education and General	50,307	—	22,504	72,811
187	SLCC – Educationally Disadvantaged	185	—	—	185
188	SLCC – Skill Center	3,932	—	1,134	5,066
—	Utah College of Applied Technology	6,573	—	513	7,086
75	UCAT Bridgerland	7,383	—	—	7,383
76	UCAT Davis	7,282	—	—	7,282
77	UCAT Ogden/Weber	8,032	—	—	8,032
78	UCAT Uintah Basin	3,900	—	—	3,900
79	UCAT Salt Lake/Tooele	2,258	—	—	2,258
—	UCAT Mountainlands	2,084	—	—	2,084
—	UCAT Southeast	872	—	—	872
—	UCAT Southwest	1,246	—	—	1,246
—	UCAT Dixie	765	—	—	765
—	UCAT Central	1,427	—	—	1,427
203	CEU Distance Education	270	—	—	270
197	USU Satellite Telecommunications	1,493	—	—	1,493
202	UEN UTAHLINK	16,319	—	—	16,319
Total Higher Education		\$ 651,294	\$ 6,674	\$ 225,330	\$ 883,298

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
1,059	—	—	—	152
1,732	—	—	—	153
132,595	—	—	—	154
234	—	—	—	155
2,206	—	—	—	160
2,533	—	—	—	161
835	—	—	—	162
15,163	—	—	—	163
14,059	—	—	—	164
4,214	—	—	—	156
1,018	—	—	—	157
156	—	—	—	165
354	—	—	—	166
245	—	—	—	167
1,140	—	—	—	158
2,832	—	—	—	159
83,483	—	—	—	168
327	—	—	—	169
36,239	—	—	—	170
91	—	—	—	171
13	—	—	—	172
16,112	—	—	—	173
33	—	—	—	174
3,417	—	—	—	175
23,800	—	—	—	177
38	—	—	—	178
95	—	—	—	179
11,958	—	—	—	180
121	—	—	—	181
180	—	—	—	182
2,265	—	—	—	183
72,800	—	—	—	184
129	—	—	—	185
72,811	—	—	—	186
185	—	—	—	187
5,066	—	—	—	188
7,086	—	—	—	—
7,383	—	—	—	75
7,282	—	—	—	76
8,032	—	—	—	77
3,900	—	—	—	78
2,258	—	—	—	79
2,084	—	—	—	—
872	—	—	—	—
1,246	—	—	—	—
765	—	—	—	—
1,427	—	—	—	—
270	—	—	—	203
1,493	—	—	—	197
16,319	—	—	—	202
<u>\$ 883,298</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	

Continues

State of Utah**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund****Continued**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
WORKFORCE SERVICES					
—	Commodities	\$ —	\$ 73,534	\$ —	\$ 73,534
84	DWS Regional Operations	53,452	191,567	8,565	253,584
—	Nonappropriated	—	—	—	—
	Total Workforce Services	<u>\$ 53,452</u>	<u>\$ 265,101</u>	<u>\$ 8,565</u>	<u>\$ 327,118</u>
NATURAL RESOURCES					
205	Department of Natural Resources	\$ 6,814	\$ 973	\$ —	\$ 7,787
207	DNR – Rent, Utilities, and Fixtures	1,618	—	—	1,618
208	DNR – Sovereign Lands and Forestry	7,278	5,291	3,430	15,999
209	DNR – Oil, Gas, and Mining	3,275	3,413	169	6,857
210	DNR – Wildlife Resources	28,967	7,188	161	36,316
206	DNR – Species Protection	770	—	2,300	3,070
213	DNR/DWR – Contributed Research	—	—	635	635
214	DNR/DWR – Cooperative Studies	—	4,004	1,563	5,567
216	DNR – Parks and Recreation	14,732	400	8,234	23,366
217	DNR/DPR – Capital Development	13,571	1,000	835	15,406
218	DNR – Geological Survey	3,638	640	754	5,032
219	DNR – Water Resources	4,678	25	—	4,703
220	DNR/WRE – Water Education	64	—	24	88
215	DNR/DWR – Capital Development	5,980	7,598	430	14,008
223	DNR – Water Rights	5,828	—	100	5,928
—	DNR Oil Overcharge	6	—	—	6
	Total Natural Resources	<u>\$ 97,219</u>	<u>\$ 30,532</u>	<u>\$ 18,635</u>	<u>\$ 146,386</u>
COMMUNITY AND ECONOMIC DEVELOPMENT					
102	Community and Economic Development	\$ 2,710	\$ —	\$ —	\$ 2,710
—	Special Initiatives	5	—	—	5
103	Incentive Funds Administration	2,098	—	167	2,265
—	Industrial Assistance Grants	1,026	—	—	1,026
104	Indian Affairs Division	232	76	34	342
105	Asian Affairs	157	—	—	157
106	Black Affairs	173	—	—	173
107	Hispanic Affairs	158	—	—	158
108	Pacific Islander Affairs	130	—	73	203
109	Business and Economic Development	13,524	450	4	13,978
110	Travel Development	6,532	—	744	7,276
111	Energy Services	255	—	—	255
112	State History	2,620	517	11	3,148
113	Historical Society	235	209	207	651
114	Fine Arts	3,421	465	130	4,016
115	State Library Division	4,242	1,097	1,743	7,082
116	Community Development	7,393	27,492	2,419	37,304
118	Community Development Capital	19,173	—	—	19,173
117	State Zoos	1,608	—	—	1,608
—	Project Fund	124	—	—	124
—	Housing Loan	5	—	—	5
	Total Community and Economic Development	<u>\$ 65,821</u>	<u>\$ 30,306</u>	<u>\$ 5,532</u>	<u>\$ 101,659</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 73,534	\$ —	\$ —	\$ —	—
253,584	—	—	—	84
(18)	—	18	—	—
<u>\$ 327,100</u>	<u>\$ 0</u>	<u>\$ 18</u>	<u>\$ 0</u>	
\$ 5,730	\$ 1	\$ 1,909	\$ 147	205
1,618	—	—	—	207
14,605	—	101	1,293	208
6,241	118	—	498	209
33,201	—	2,252	863	210
3,020	—	50	—	206
634	1	—	—	213
5,567	—	—	—	214
22,484	4	563	315	216
4,608	—	—	10,798	217
4,507	—	—	525	218
4,535	—	157	11	219
13	—	—	75	220
10,849	—	480	2,679	215
5,901	—	—	27	223
6	—	—	—	—
<u>\$ 123,519</u>	<u>\$ 124</u>	<u>\$ 5,512</u>	<u>\$ 17,231</u>	
\$ 2,584	\$ —	\$ —	\$ 126	102
3	2	—	—	—
1,403	858	4	—	103
1,026	—	—	—	—
342	—	—	—	104
156	1	—	—	105
171	2	—	—	106
156	2	—	—	107
203	—	—	—	108
13,116	—	—	862	109
7,174	—	—	102	110
—	—	255	—	111
2,931	—	—	217	112
467	—	—	184	113
3,725	—	—	291	114
7,071	—	—	11	115
36,159	—	678	467	116
9,516	—	9,624	33	118
1,608	—	—	—	117
124	—	—	—	—
5	—	—	—	—
<u>\$ 87,940</u>	<u>\$ 865</u>	<u>\$ 10,561</u>	<u>\$ 2,293</u>	

Continues

State of Utah**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund****Continued**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
BUSINESS, LABOR, and AGRICULTURE					
225	Department of Agriculture	\$ 10,233	\$ 2,536	\$ 2,731	\$ 15,500
226	AGR – Building Maintenance	244	—	—	244
227	AGR – Predatory Animal Control	1,357	—	200	1,557
228	AGR – Resource Conservation	1,758	—	—	1,758
—	AGR – Taylor Grazing Act	—	123	—	123
86	Labor Commission	6,898	2,402	—	9,300
87	Department of Commerce	16,950	237	644	17,831
88	COM – Real Estate Education	182	—	—	182
89	COM/DPU – Professional Services	265	—	—	265
90	COM/CCS – Professional Services	772	—	—	772
91	Financial Institutions	3,929	—	—	3,929
92	Insurance Department	4,961	—	1,069	6,030
94	Bail Bond Program	22	—	—	22
95	Title Insurance Program	61	—	49	110
96	Public Service Commission	1,477	—	2	1,479
97	PSC – Research and Analysis	—	—	34	34
98	PSC – Hearing Impaired	4,629	—	1,252	5,881
	Total Business, Labor, and Agriculture	\$ 53,738	\$ 5,298	\$ 5,981	\$ 65,017
TOTAL GENERAL FUND					
	Total Expenditures	\$ 1,985,012	\$ 1,342,101	\$ 665,578	\$ 3,992,691

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 14,012	\$ 29	\$ 43	\$ 1,416	225
244	—	—	—	226
1,162	—	202	193	227
1,533	—	—	225	228
123	—	—	—	—
8,821	8	471	—	86
15,814	12	1,284	721	87
119	—	—	63	88
180	—	—	85	89
372	—	—	400	90
3,391	—	538	—	91
5,326	78	—	626	92
2	—	20	—	94
58	—	—	52	95
1,315	—	—	164	96
34	—	—	—	97
1,631	—	—	4,250	98
<u>\$ 54,137</u>	<u>\$ 127</u>	<u>\$ 2,558</u>	<u>\$ 8,195</u>	
<u>\$ 3,903,179</u>	<u>\$ 3,125</u>	<u>\$ 22,981</u>	<u>\$ 63,406</u>	

State of Utah**Detail Schedule of Expenditures-Budget and Actual Comparison
Uniform School Fund, Transportation Fund,
Centennial Highway Fund, and Debt Service Fund**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
UNIFORM SCHOOL FUND					
231	Office of Education	\$ 34,120	\$ 137,851	\$ 6,582	\$ 178,553
233	Rehabilitation Services	17,888	28,726	758	47,372
—	Minimum School Program	1,670,050	—	60	1,670,110
235	Child Nutrition	162	77,131	15,664	92,957
236	Board of Education – Fine Arts	3,377	—	—	3,377
237	Institutional Education	3,937	—	—	3,937
—	Bridgerland ATC	152	—	—	152
—	Custom Fit Training	399	—	(38)	361
232	District Services Compensation	59	—	—	59
—	UTAHLINK	—	—	120	120
—	Commodities	—	9,283	—	9,283
239	Indirect Cost Pool	450	—	3,071	3,521
234	Schools for the Deaf and Blind	18,546	—	4,231	22,777
	Total Uniform School Fund	<u>\$ 1,749,140</u>	<u>\$ 252,991</u>	<u>\$ 30,448</u>	<u>\$ 2,032,579</u>
TRANSPORTATION FUND					
245	Support Services	\$ 34,970	\$ 507	\$ —	\$ 35,477
246	Engineering Services	13,562	8,199	956	22,717
247	Maintenance Management	77,471	—	1,442	78,913
248	Construction Management	116,527	194,200	8,451	319,178
249	District Management	19,697	3,059	1,156	23,912
250	Equipment Management	5,197	—	20,951	26,148
251	Aeronautics	11,150	4	31,321	42,475
252	B and C Roads	105,037	—	—	105,037
253	Sidewalk Construction	2,041	—	—	2,041
254	Mineral Lease Allocations	14,598	—	—	14,598
—	Corridor Preservation	2,228	—	—	2,228
—	Nonappropriated	—	—	2,546	2,546
	Total Transportation Fund	<u>\$ 402,478</u>	<u>\$ 205,969</u>	<u>\$ 66,823</u>	<u>\$ 675,270</u>
CENTENNIAL HIGHWAY FUND					
255	State Highway Construction	<u>\$ 128,581</u>	<u>\$ 46,865</u>	<u>\$ 291,982</u>	<u>\$ 467,428</u>
DEBT SERVICE FUND					
—	Debt Service	<u>\$ 145,413</u>	<u>\$ —</u>	<u>\$ 40,549</u>	<u>\$ 185,962</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 173,411	\$ 683	\$ 84	\$ 4,375	231
47,372	—	—	—	233
1,649,607	—	60	20,443	—
92,957	—	—	—	235
3,365	—	—	12	236
3,932	—	—	5	237
152	—	—	—	—
361	—	—	—	—
59	—	—	—	232
120	—	—	—	—
9,283	—	—	—	—
3,521	—	—	—	239
21,367	—	—	1,410	234
<u>\$ 2,005,507</u>	<u>\$ 683</u>	<u>\$ 144</u>	<u>\$ 26,245</u>	
\$ 35,421	\$ 56	\$ —	\$ —	245
22,548	169	—	—	246
78,813	—	—	100	247
319,178	—	—	—	248
23,067	445	—	400	249
24,888	1,260	—	—	250
38,951	3,524	—	—	251
105,037	—	—	—	252
558	—	—	1,483	253
14,343	—	—	255	254
2,228	—	—	—	—
10	2,536	—	—	—
<u>\$ 665,042</u>	<u>\$ 7,990</u>	<u>\$ 0</u>	<u>\$ 2,238</u>	
<u>\$ 205,358</u>	<u>\$ 262,070</u>	<u>\$ —</u>	<u>\$ —</u>	255
<u>\$ 175,188</u>	<u>\$ 10,774</u>	<u>\$ —</u>	<u>\$ —</u>	—

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Nonmajor Enterprise Funds

Community Impact Loan Fund

This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. Working capital for this fund is provided from federal mineral lease funds transferred from the General Fund.

Housing Loan Programs

These programs provide loans or grants to low income or special need individuals for construction, rehabilitation, or purchase of multi-family or single family housing. Funds are provided from federal funds, appropriations, loan repayments and interest earnings.

Agriculture Loan Fund

This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Loan Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

Clean Fuels Vehicle Loan Fund

This fund was created to provide a revolving loan fund for the conversion of government and private fleet vehicles to clean fuel. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

Petroleum Storage Tank Loan Fund

This fund was created to provide revolving loan capital to support small businesses, increase the availability of gasoline in rural areas, and reduce the threat of a petroleum release. Funds are provided from appropriations and interest earnings on loans and invested funds.

Alcoholic Beverage Control

The Alcoholic Beverage Control Commission was established to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. The net profit from the fund is transferred to the State's General Fund and is used for general government purposes.

Utah Correctional Industries (UCI)

UCI was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy and meat products, and provides printing and other miscellaneous products and services. Funding comes from charges for products and services.

State Trust Lands Administration

This agency manages the assets of the Trust Lands permanent fund. Its objective is to maximize the growth of principal and income production for the beneficiaries.

Utah Dairy Commission

The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of collections from milk producers.

State of Utah**Combining Statement Of Net Assets
Nonmajor Enterprise Funds**

June 30, 2002

(Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 39,913	\$ 9,097	\$ 5,045	\$ 2,412
Investments	—	—	—	—
Receivables:				
Accounts, net	—	60	—	—
Accrued Interest	1,585	429	423	1
Notes/Loans/Mortgages, net	7,630	1,595	4,200	7
Due From Other Funds	—	16	5	20
Prepaid Items	—	—	—	—
Inventories	—	—	—	—
Total Current Assets	<u>49,128</u>	<u>11,197</u>	<u>9,673</u>	<u>2,440</u>
Noncurrent Assets:				
Investments	—	1,629	—	—
Notes/Loans/Mortgages Receivables, net	155,460	34,942	22,696	45
Accrued Interest Receivable	102	244	—	—
Interfund Loans Receivable	—	—	—	80
Capital Assets:				
Land	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	—	20	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	—	(17)	—
Total Capital Assets	<u>0</u>	<u>0</u>	<u>3</u>	<u>0</u>
Total Noncurrent Assets	<u>155,562</u>	<u>36,815</u>	<u>22,699</u>	<u>125</u>
Total Assets	<u>204,690</u>	<u>48,012</u>	<u>32,372</u>	<u>2,565</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	334	533	13	2
Due To Other Funds	31	35	1	—
Deferred Revenue	—	7	—	—
Revenue Bonds Payable	—	—	—	—
Capital Leases Payable	—	—	—	—
Total Current Liabilities	<u>365</u>	<u>575</u>	<u>14</u>	<u>2</u>
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Capital Leases Payable	—	—	—	—
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>365</u>	<u>575</u>	<u>14</u>	<u>2</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	—	—	3	—
Restricted for:				
Loan Programs	—	28,516	2,959	—
Unrestricted	<u>204,325</u>	<u>18,921</u>	<u>29,396</u>	<u>2,563</u>
Total Net Assets	<u>\$ 204,325</u>	<u>\$ 47,437</u>	<u>\$ 32,358</u>	<u>\$ 2,563</u>

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
\$ 4,841	\$ 103	\$ 816	\$ 2,872	\$ 200	\$ 65,299
—	—	—	—	199	199
—	2,029	829	3,885	311	7,114
—	—	—	468	—	2,906
236	—	—	—	—	13,668
—	10,724	1,362	1	—	12,128
—	41	—	—	1	42
—	16,193	767	—	45	17,005
<u>5,077</u>	<u>29,090</u>	<u>3,774</u>	<u>7,226</u>	<u>756</u>	<u>118,361</u>
—	—	—	—	—	1,629
664	—	—	—	—	213,807
—	—	—	—	—	346
—	—	—	—	—	80
—	4,995	—	7,168	32	12,195
—	20,440	2,025	—	117	22,582
—	6,150	2,197	1,165	107	9,639
—	1,153	—	—	—	1,153
—	(8,896)	(2,210)	(841)	(148)	(12,112)
<u>0</u>	<u>23,842</u>	<u>2,012</u>	<u>7,492</u>	<u>108</u>	<u>33,457</u>
<u>664</u>	<u>23,842</u>	<u>2,012</u>	<u>7,492</u>	<u>108</u>	<u>249,319</u>
<u>5,741</u>	<u>52,932</u>	<u>5,786</u>	<u>14,718</u>	<u>864</u>	<u>367,680</u>
—	7,250	726	1,231	16	10,105
—	10,777	80	2,853	—	13,777
—	—	—	1,770	—	1,777
—	472	45	—	—	517
—	83	—	—	—	83
<u>0</u>	<u>18,582</u>	<u>851</u>	<u>5,854</u>	<u>16</u>	<u>26,259</u>
—	21,372	1,190	—	—	22,562
—	13	—	—	—	13
<u>0</u>	<u>21,385</u>	<u>1,190</u>	<u>0</u>	<u>0</u>	<u>22,575</u>
<u>0</u>	<u>39,967</u>	<u>2,041</u>	<u>5,854</u>	<u>16</u>	<u>48,834</u>
—	12,335	777	7,492	108	20,715
—	—	—	—	—	31,475
<u>5,741</u>	<u>630</u>	<u>2,968</u>	<u>1,372</u>	<u>740</u>	<u>266,656</u>
<u>\$ 5,741</u>	<u>\$ 12,965</u>	<u>\$ 3,745</u>	<u>\$ 8,864</u>	<u>\$ 848</u>	<u>\$ 318,846</u>

State of Utah**Combining Statement of Revenues, Expenses, And
Changes In Fund Net Assets
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	\$ —	\$ —	\$ —	\$ —
Fees and Assessments	2	3	—	—
Interest on Notes/Mortgages	2,880	837	883	—
Miscellaneous	—	1	5	—
Total Operating Revenues	<u>2,882</u>	<u>841</u>	<u>888</u>	<u>0</u>
OPERATING EXPENSES				
Administration	—	—	231	6
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	—	888	—	—
Rentals and Leases	—	—	—	—
Maintenance	—	—	—	—
Depreciation	—	—	2	—
Supplies and Other Miscellaneous	42	212	6	16
Total Operating Expenses	<u>42</u>	<u>1,100</u>	<u>239</u>	<u>22</u>
Operating Income (Loss)	<u>2,840</u>	<u>(259)</u>	<u>649</u>	<u>(22)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	1,119	117	144	62
Federal Grants	—	1,370	—	—
Gain (Loss) on Sale of Fixed Assets	—	—	—	—
Tax Revenues	—	—	500	—
Interest Expense	—	—	—	—
Other Revenue (Expenses)	714	—	—	—
Total Nonoperating Revenues (Expenses)	<u>1,833</u>	<u>1,487</u>	<u>644</u>	<u>62</u>
Income (Loss) before Transfers	<u>4,673</u>	<u>1,228</u>	<u>1,293</u>	<u>40</u>
Transfers In	5,279	3,393	—	—
Transfers Out	(632)	—	(235)	—
Change in Net Assets	<u>9,320</u>	<u>4,621</u>	<u>1,058</u>	<u>40</u>
Net Assets – Beginning (as restated)	<u>195,005</u>	<u>42,816</u>	<u>31,300</u>	<u>2,523</u>
Net Assets – Ending	<u>\$ 204,325</u>	<u>\$ 47,437</u>	<u>\$ 32,358</u>	<u>\$ 2,563</u>

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
\$ —	\$ 132,058	\$ 12,881	\$ 6,928	\$ 44	\$ 151,911
—	922	—	9	2,076	3,012
31	—	—	—	—	4,631
—	14	—	10	119	149
<u>31</u>	<u>132,994</u>	<u>12,881</u>	<u>6,947</u>	<u>2,239</u>	<u>159,703</u>
1	12,986	4,577	5,474	396	23,671
—	83,219	5,927	—	1,716	90,862
—	—	—	—	—	888
—	634	363	465	—	1,462
—	876	151	39	—	1,066
—	1,409	292	154	15	1,872
—	788	686	95	181	2,026
<u>1</u>	<u>99,912</u>	<u>11,996</u>	<u>6,227</u>	<u>2,308</u>	<u>121,847</u>
<u>30</u>	<u>33,082</u>	<u>885</u>	<u>720</u>	<u>(69)</u>	<u>37,856</u>
119	2	6	41	(17)	1,593
—	—	—	—	—	1,370
—	—	(136)	—	—	(136)
—	—	—	—	—	500
—	(543)	(68)	—	—	(611)
—	—	—	—	—	714
<u>119</u>	<u>(541)</u>	<u>(198)</u>	<u>41</u>	<u>(17)</u>	<u>3,430</u>
149	32,541	687	761	(86)	41,286
—	735	—	—	—	9,407
(124)	(33,950)	—	(1)	—	(34,942)
25	(674)	687	760	(86)	15,751
5,716	13,639	3,058	8,104	934	303,095
<u>\$ 5,741</u>	<u>\$ 12,965</u>	<u>\$ 3,745</u>	<u>\$ 8,864</u>	<u>\$ 848</u>	<u>\$ 318,846</u>

State of Utah**Combining Statement Of Cash Flows
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 3,246	\$ 695	\$ 871	\$ —
Receipts from Loan Maturities	7,960	1,305	3,656	18
Receipts from State Customers	—	—	6	20
Payments to Suppliers/Claims/Grants	—	(286)	(9)	(4)
Disbursements for Loans Receivable	(26,640)	(4,760)	(6,113)	(53)
Payments for Employee Services and Benefits	—	—	(196)	—
Payments to State Suppliers	(63)	(105)	(47)	(146)
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	—
Net Cash Provided (Used) by Operating Activities	<u>(15,497)</u>	<u>(3,151)</u>	<u>(1,832)</u>	<u>(165)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Federal Grants and Other Revenues	714	1,335	—	—
Restricted Sales Tax	—	—	500	—
Transfers In from Other Funds	5,279	3,393	—	—
Transfers Out to Other Funds	(632)	—	(235)	—
Net Cash Provided (Used) by Noncapital Financing Activities	<u>5,361</u>	<u>4,728</u>	<u>265</u>	<u>0</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
Proceeds from Disposition of Capital Assets	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	36,342	—	144	—
Receipts of Interest and Dividends from Investments	1,119	117	—	64
Net Cash Provided (Used) by Investing Activities	<u>37,461</u>	<u>117</u>	<u>144</u>	<u>64</u>
Net Cash Provided (Used) – All Activities	27,325	1,694	(1,423)	(101)
Cash and Cash Equivalents – Beginning	12,588	7,403	6,468	2,513
Cash and Cash Equivalents – Ending	<u>\$ 39,913</u>	<u>\$ 9,097</u>	<u>\$ 5,045</u>	<u>\$ 2,412</u>

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
\$ 30	\$ 156,685	\$ 3,563	\$ 9,530	\$ 2,038	\$ 176,658
269	—	—	—	—	13,208
—	—	9,527	—	—	9,553
—	(86,441)	(6,306)	(1,612)	(1,911)	(96,569)
—	—	—	—	—	(37,566)
—	(10,379)	(4,613)	(4,031)	(410)	(19,629)
—	(1,094)	(966)	(1,968)	—	(4,389)
—	(24,974)	—	—	—	(24,974)
<u>299</u>	<u>33,797</u>	<u>1,205</u>	<u>1,919</u>	<u>(283)</u>	<u>16,292</u>
—	8,945	—	—	—	8,945
—	(8,206)	(214)	—	—	(8,420)
—	—	—	—	—	2,049
—	—	—	—	—	500
—	—	—	—	—	8,672
<u>(124)</u>	<u>(32,541)</u>	<u>—</u>	<u>(1)</u>	<u>—</u>	<u>(33,533)</u>
<u>(124)</u>	<u>(31,802)</u>	<u>(214)</u>	<u>(1)</u>	<u>0</u>	<u>(21,787)</u>
—	1,367	16	—	—	1,383
—	—	10	—	—	10
—	(513)	(40)	—	—	(553)
—	(1,693)	(98)	(1,723)	(24)	(3,538)
—	(481)	(69)	—	—	(550)
—	735	—	—	—	735
—	(1,409)	—	—	—	(1,409)
<u>0</u>	<u>(1,994)</u>	<u>(181)</u>	<u>(1,723)</u>	<u>(24)</u>	<u>(3,922)</u>
—	—	—	—	128	36,614
<u>119</u>	<u>—</u>	<u>6</u>	<u>41</u>	<u>(17)</u>	<u>1,449</u>
<u>119</u>	<u>0</u>	<u>6</u>	<u>41</u>	<u>111</u>	<u>38,063</u>
294	1	816	236	(196)	28,646
4,547	102	—	2,636	396	36,653
<u>\$ 4,841</u>	<u>\$ 103</u>	<u>\$ 816</u>	<u>\$ 2,872</u>	<u>\$ 200</u>	<u>\$ 65,299</u>

Continues

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

Continued

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED)				
BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 2,840	\$ (259)	\$ 649	\$ (22)
Adjustments to Reconcile Operating Income (Loss)				
Depreciation Expense	—	—	2	—
Miscellaneous Gains, Losses, and Other Items	—	—	4	16
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	—	—	1	20
Notes/Accrued Interest Receivables	(18,651)	(3,393)	(2,469)	(35)
Inventories	—	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	314	501	(19)	(144)
Deferred Revenue/Deposits	—	—	—	—
Net Cash Provided (Used) by				
Operating Activities	<u>\$ (15,497)</u>	<u>\$ (3,151)</u>	<u>\$ (1,832)</u>	<u>\$ (165)</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	<u>\$ (108)</u>	<u>\$ (21)</u>	<u>\$ —</u>	<u>\$ —</u>
Total Noncash Investing, Capital, and				
Financing Activities	<u>\$ (108)</u>	<u>\$ (21)</u>	<u>\$ 0</u>	<u>\$ 0</u>

<u>Petroleum Storage Tank Loan Fund</u>	<u>Alcoholic Beverage Control</u>	<u>Utah Correctional Industries</u>	<u>State Trust Lands Administration</u>	<u>Utah Dairy Commission</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 30	\$ 33,082	\$ 885	\$ 720	\$ (69)	\$ 37,856
—	1,409	292	154	15	1,872
—	5	(62)	516	—	479
—	(803)	271	1,719	(112)	1,096
269	—	—	113	—	(24,166)
—	(1,152)	(87)	—	12	(1,227)
—	(2)	19	—	—	17
—	1,258	(113)	(1,538)	(129)	130
—	—	—	235	—	235
<u>\$ 299</u>	<u>\$ 33,797</u>	<u>\$ 1,205</u>	<u>\$ 1,919</u>	<u>\$ (283)</u>	<u>\$ 16,292</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (129)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (129)</u>

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Internal Service Funds

Employees Group Insurance

This fund accounts for several health insurance programs offered to state and local government employees. These programs include plans operated entirely by the State, as well as plans offered by private insurance carriers.

Information Technology Fund

This fund is responsible for providing data processing, computer programming, and voice and data communication services to state agencies.

General Services Fund

This fund is used to administer office supply contracts and provide statewide copy and mail services to state agencies. This fund is also used to account for the central warehouse services for the Department of Natural Resources and the renting and maintaining of facilities used by the Department of Human Services.

Fleet Operations Fund

This fund accounts for automobile rental, fuel dispensing, and surplus property services to state agencies.

Risk Management Fund

This fund is used to account for insurance coverage and loss prevention provided to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

Property Management Fund

This fund has statutory responsibility for the operation and maintenance of facilities used by state agencies.

State Debt Collection Fund

This fund provides a central collection process for the delinquent receivables of the State. It is funded through collection fees.

Transportation Infrastructure Loan Fund

This fund was created as a revolving loan fund to provide infrastructure assistance to state and local governments to expedite construction projects. The fund was capitalized with federal grants and state matching appropriations.

State of Utah**Combining Statement Of Net Assets
Internal Service Funds**

June 30, 2002

(Expressed in Thousands)

	Employees Group Insurance	Information Technology	General Services	Fleet Operations
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,639	\$ 1,641	\$ 1,032	\$ 127
Investments	106,565	—	—	—
Receivables:				
Accounts, net	14,766	1,068	181	1,655
Accrued Interest	775	—	—	—
Due From Other Funds	—	5,507	2,447	3,612
Prepaid Items	3,031	893	—	—
Inventories	—	1,593	998	1,516
Total Current Assets	<u>126,776</u>	<u>10,702</u>	<u>4,658</u>	<u>6,910</u>
Noncurrent Assets:				
Investments	30,547	—	—	—
Prepaid Items	—	—	—	—
Deferred Charges	—	91	—	—
Interfund Loans Receivable	—	—	—	—
Capital Assets:				
Land	—	17	—	—
Buildings and Improvements	—	5,617	941	1,729
Machinery and Equipment	3,639	66,740	10,045	109,185
Construction in Progress	—	1,606	—	—
Less Accumulated Depreciation	(2,089)	(56,460)	(6,368)	(43,269)
Total Capital Assets	<u>1,550</u>	<u>17,520</u>	<u>4,618</u>	<u>67,645</u>
Total Noncurrent Assets	<u>32,097</u>	<u>17,611</u>	<u>4,618</u>	<u>67,645</u>
Total Assets	<u>158,873</u>	<u>28,313</u>	<u>9,276</u>	<u>74,555</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	7,148	4,183	1,222	2,059
Securities Lending Liability	10,167	—	—	—
Deposits	—	—	—	—
Due To Other Funds	1,156	285	38	376
Interfund Loans Payable	—	3,945	1,812	19,454
Deferred Revenue	227	141	—	61
Policy Claims Liabilities	39,338	—	—	—
Revenue Bonds Payable	—	—	—	40
Total Current Liabilities	<u>58,036</u>	<u>8,554</u>	<u>3,072</u>	<u>21,990</u>
Noncurrent Liabilities:				
Policy Claims Liabilities	40,557	—	—	—
Revenue Bonds Payable	—	—	—	1,010
Interfund Loans Payable	—	—	2,674	16,833
Total Noncurrent Liabilities	<u>40,557</u>	<u>0</u>	<u>2,674</u>	<u>17,843</u>
Total Liabilities	<u>98,593</u>	<u>8,554</u>	<u>5,746</u>	<u>39,833</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,550	17,520	4,618	66,595
Restricted for:				
Insurance Programs	58,730	—	—	—
Loan Programs	—	—	—	—
Unrestricted (Deficit)	—	2,239	(1,088)	(31,873)
Total Net Assets	<u>\$ 60,280</u>	<u>\$ 19,759</u>	<u>\$ 3,530</u>	<u>\$ 34,722</u>

<u>Risk Management</u>	<u>Property Management</u>	<u>State Debt Collection</u>	<u>Transportation Infrastructure Loan Fund</u>	<u>Total</u>
\$ 54,945	\$ 1,249	\$ 1,099	\$ —	\$ 61,732
—	—	—	—	106,565
483	11	25	—	18,189
—	—	—	—	775
323	776	2	—	12,667
1,302	—	—	—	5,226
—	—	—	—	4,107
<u>57,053</u>	<u>2,036</u>	<u>1,126</u>	<u>0</u>	<u>209,261</u>
—	—	—	—	30,547
180	—	—	—	180
—	—	—	—	91
—	—	—	2,478	2,478
—	—	—	—	17
—	—	—	—	8,287
222	596	—	—	190,427
—	—	—	—	1,606
(113)	(410)	—	—	(108,709)
<u>109</u>	<u>186</u>	<u>0</u>	<u>0</u>	<u>91,628</u>
<u>289</u>	<u>186</u>	<u>0</u>	<u>2,478</u>	<u>124,924</u>
<u>57,342</u>	<u>2,222</u>	<u>1,126</u>	<u>2,478</u>	<u>334,185</u>
1,565	1,369	83	—	17,629
—	—	—	—	10,167
167	—	—	—	167
780	93	403	—	3,131
—	—	—	—	25,211
2,851	9	—	—	3,289
11,553	—	—	—	50,891
—	—	—	—	40
<u>16,916</u>	<u>1,471</u>	<u>486</u>	<u>0</u>	<u>110,525</u>
35,261	—	—	—	75,818
—	—	—	—	1,010
—	—	—	—	19,507
<u>35,261</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>96,335</u>
<u>52,177</u>	<u>1,471</u>	<u>486</u>	<u>0</u>	<u>206,860</u>
109	186	—	—	90,578
2,635	—	—	—	61,365
—	—	—	2,478	2,478
2,421	565	640	—	(27,096)
<u>\$ 5,165</u>	<u>\$ 751</u>	<u>\$ 640</u>	<u>\$ 2,478</u>	<u>\$ 127,325</u>

State of Utah**Combining Statement Of Revenues, Expenses, And
Changes In Fund Net Assets
Internal Service Funds**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Employees Group Insurance	Information Technology	General Services	Fleet Operations
OPERATING REVENUES				
Charges for Services/Premiums	\$ 316,147	\$ 62,552	\$ 17,036	\$ 40,115
Miscellaneous	22	—	67	—
Total Operating Revenues	<u>316,169</u>	<u>62,552</u>	<u>17,103</u>	<u>40,115</u>
OPERATING EXPENSES				
Administration	7,707	20,471	2,860	2,829
Materials and Services for Resale	—	15,090	8,338	11,877
Grants	—	—	—	—
Rentals and Leases	551	276	1,827	1,812
Maintenance	—	1,076	996	7,770
Depreciation	436	6,718	1,590	11,294
Benefit Claims	295,629	—	—	—
Miscellaneous Other:				
Data Processing	568	13,717	55	120
Supplies	735	1,171	295	292
Utilities	574	4,416	44	150
Other	842	1,170	203	1,781
Total Operating Expenses	<u>307,042</u>	<u>64,105</u>	<u>16,208</u>	<u>37,925</u>
Operating Income (Loss)	<u>9,127</u>	<u>(1,553)</u>	<u>895</u>	<u>2,190</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	3,915	—	—	—
Federal Grants	—	542	—	—
Gain (Loss) on Sale of Fixed Assets	10	—	(52)	(782)
Interest Expense	—	—	—	(54)
Refunds Paid to Federal Government	—	(1,148)	—	(420)
Other Revenues (Expenses)	—	—	—	240
Total Nonoperating Revenues (Expenses)	<u>3,925</u>	<u>(606)</u>	<u>(52)</u>	<u>(1,016)</u>
Income (Loss) before Transfers	13,052	(2,159)	843	1,174
Transfers In	—	457	—	3,174
Transfers Out	—	(1,314)	(8)	(175)
Change in Net Assets	13,052	(3,016)	835	4,173
Net Assets – Beginning (as restated)	47,228	22,775	2,695	30,549
Net Assets – Ending	<u>\$ 60,280</u>	<u>\$ 19,759</u>	<u>\$ 3,530</u>	<u>\$ 34,722</u>

Risk Management	Property Management	State Debt Collection	Transportation Infrastructure Loan Fund	Total
\$ 30,315	\$ 19,002	\$ 1,355	\$ —	\$ 486,522
—	—	—	—	89
<u>30,315</u>	<u>19,002</u>	<u>1,355</u>	<u>0</u>	<u>486,611</u>
1,743	6,047	283	—	41,940
16,187	—	245	—	51,737
—	—	379	—	379
26	654	—	—	5,146
8	5,976	—	—	15,826
14	73	—	—	20,125
14,243	—	—	—	309,872
75	247	16	—	14,798
163	321	7	—	2,984
32	5,073	3	—	10,292
202	741	31	—	4,970
<u>32,693</u>	<u>19,132</u>	<u>964</u>	<u>0</u>	<u>478,069</u>
<u>(2,378)</u>	<u>(130)</u>	<u>391</u>	<u>0</u>	<u>8,542</u>
1,577	—	—	—	5,492
—	—	—	—	542
—	—	—	—	(824)
—	—	—	—	(54)
—	—	—	—	(1,568)
—	—	—	—	240
<u>1,577</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,828</u>
(801)	(130)	391	0	12,370
—	—	—	—	3,631
<u>(2,697)</u>	<u>(12)</u>	<u>(351)</u>	<u>—</u>	<u>(4,557)</u>
(3,498)	(142)	40	0	11,444
8,663	893	600	2,478	115,881
<u>\$ 5,165</u>	<u>\$ 751</u>	<u>\$ 640</u>	<u>\$ 2,478</u>	<u>\$ 127,325</u>

Combining Statement Of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Employees Group Insurance	Information Technology	General Services	Fleet Operations
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 149,193	\$ 3,248	\$ 536	\$ 11,031
Receipts from State Customers	168,217	58,479	16,453	31,429
Payments to Suppliers/Claims/Grants	(294,243)	(21,734)	(8,497)	(10,020)
Payments for Employee Services and Benefits	(6,951)	(20,425)	(2,862)	(2,838)
Payments to State Suppliers	(17)	(15,758)	(3,975)	(15,625)
Net Cash Provided (Used) by Operating Activities	<u>16,199</u>	<u>3,810</u>	<u>1,655</u>	<u>13,977</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments of Bonds, Notes, Deposits, and Refunds	—	(1,148)	—	(420)
Federal Grants and Other Revenues	—	542	—	—
Transfers In from Other Funds	—	457	—	—
Transfers Out to Other Funds	—	(1,314)	(8)	(175)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>0</u>	<u>(1,463)</u>	<u>(8)</u>	<u>(595)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	2,605	—	—
Repayments Under Interfund Loans	—	—	(469)	(3,071)
Proceeds from Disposition of Capital Assets	62	153	31	3,238
Federal Grants and Other Revenues	—	—	—	122
Principal Paid on Debt and Contract Maturities	—	—	—	(35)
Acquisition and Construction of Capital Assets	(682)	(4,785)	(1,065)	(16,647)
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	(58)
Transfers In from Other Funds	—	—	—	3,129
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(620)</u>	<u>(2,027)</u>	<u>(1,503)</u>	<u>(13,322)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	31,000	—	—	—
Receipts of Interest and Dividends from Investments	4,825	—	—	—
Payments to Purchase Investments	(50,256)	—	—	—
Net Cash Provided (Used) by Investing Activities	<u>(14,431)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided (Used) – All Activities	1,148	320	144	60
Cash and Cash Equivalents – Beginning	491	1,321	888	67
Cash and Cash Equivalents – Ending	<u>\$ 1,639</u>	<u>\$ 1,641</u>	<u>\$ 1,032</u>	<u>\$ 127</u>

<u>Risk Management</u>	<u>Property Management</u>	<u>State Debt Collection</u>	<u>Transportation Infrastructure Loan Fund</u>	<u>Total</u>
\$ 13,865	\$ 278	\$ 2,985	\$ —	\$ 181,136
18,826	18,722	—	—	312,126
(20,144)	(12,227)	(256)	—	(367,121)
(1,745)	(6,048)	(270)	—	(41,139)
<u>(6,297)</u>	<u>(739)</u>	<u>(2,054)</u>	<u>—</u>	<u>(44,465)</u>
<u>4,505</u>	<u>(14)</u>	<u>405</u>	<u>0</u>	<u>40,537</u>
—	—	—	—	(1,568)
—	—	—	—	542
—	—	—	—	457
<u>(2,697)</u>	<u>(12)</u>	<u>(351)</u>	<u>—</u>	<u>(4,557)</u>
<u>(2,697)</u>	<u>(12)</u>	<u>(351)</u>	<u>0</u>	<u>(5,126)</u>
—	—	—	—	2,605
—	—	—	—	(3,540)
—	—	—	—	3,484
—	—	—	—	122
—	—	—	—	(35)
(105)	(94)	—	—	(23,378)
—	—	—	—	(58)
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,129</u>
<u>(105)</u>	<u>(94)</u>	<u>0</u>	<u>0</u>	<u>(17,671)</u>
38,966	—	—	—	69,966
1,577	—	—	—	6,402
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(50,256)</u>
<u>40,543</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,112</u>
42,246	(120)	54	0	43,852
12,699	1,369	1,045	—	17,880
<u>\$ 54,945</u>	<u>\$ 1,249</u>	<u>\$ 1,099</u>	<u>\$ 0</u>	<u>\$ 61,732</u>

Continues

**Combining Statement Of Cash Flows
Internal Service Funds**
Continued

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Employees Group Insurance	Information Technology	General Services	Fleet Operations
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 9,127	\$ (1,553)	\$ 895	\$ 2,190
Adjustments to Reconcile Operating Income (Loss)				
Depreciation Expense	436	6,718	1,590	11,294
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	1,022	(980)	(114)	2,357
Notes/Accrued Interest Receivables	—	150	—	—
Inventories	—	36	(109)	(204)
Prepaid Items	1,627	287	83	—
Accrued Liabilities/Due to Other Funds	(592)	(853)	(690)	(1,648)
Deferred Revenue/Deposits	(917)	5	—	(12)
Policy Claims Liabilities	5,496	—	—	—
Net Cash Provided (Used) by Operating Activities	<u>\$ 16,199</u>	<u>\$ 3,810</u>	<u>\$ 1,655</u>	<u>\$ 13,977</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	\$ (384)	\$ —	\$ —	\$ —
Total Noncash Investing, Capital, and Financing Activities	<u>\$ (384)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

<u>Risk Management</u>	<u>Property Management</u>	<u>State Debt Collection</u>	<u>Transportation Infrastructure Loan Fund</u>	<u>Total</u>
\$ (2,378)	\$ (130)	\$ 391	\$ —	\$ 8,542
14	73	—	—	20,125
952	(11)	(9)	—	3,217
—	—	—	—	150
—	—	—	—	(277)
1,068	—	—	—	3,065
938	45	23	—	(2,777)
1,424	9	—	—	509
<u>2,487</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,983</u>
<u>\$ 4,505</u>	<u>\$ (14)</u>	<u>\$ 405</u>	<u>\$ 0</u>	<u>\$ 40,537</u>
<u>\$ (144)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (528)</u>
<u>\$ (144)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (528)</u>

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Fiduciary Funds

DEFINED BENEFIT PENSION PLANS AND OTHER PENSION TRUST FUNDS

These funds are used to account for the various pension funds and deferred compensation trust funds administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Nation Trust

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of members of the Utah Chapters of the Navajo Nation.

Employers' Reinsurance Trust

This fund provides compensation to individuals injured on the job where an employer is not insured, or when an injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties.

Unclaimed Property Trust

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Uniform School Fund and are used to fund public education.

Petroleum Storage Tank Trust

This fund is used to pay the costs of damage caused by petroleum storage tank releases. Sources of funding include fees, recovered costs and settlements from responsible parties, and investment income.

Utah Education Savings Plan Trust

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

Miscellaneous Restricted Trust

This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

AGENCY FUNDS

Taxes and Social Security

This fund is used to account for federal withholding and social security taxes on the State's payroll.

County and Local Collections

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

State Courts

This fund receives and disburses various fines and forfeitures collected by the State Courts on behalf of state and local agencies.

Deposits, Suspense, and Miscellaneous

This fund is made up of small individual funds set up to account for various receipts and disbursements.

**Combining Statement Of Fiduciary Net Assets
Defined Benefit Pension Plans And
Other Pension Trust Funds**

June 30, 2002

(Expressed in Thousands)

	Pension Trust			
	Contributory System	Non- contributory System	Public Safety System	Fire- fighters System
ASSETS				
Cash and Cash Equivalents	\$ 39,481	\$ 462,915	\$ 57,511	\$ 23,718
Receivables:				
Member Contributions	431	—	178	241
Employer Contributions	410	19,494	1,773	1,806
Court Fees and Fire Insurance Premiums	—	—	—	—
Investments	10,399	121,925	15,143	6,246
Total Receivables	11,240	141,419	17,094	8,293
Investments:				
Bonds	232,529	2,726,567	338,651	139,692
Equity Investments	474,591	5,564,908	691,187	285,111
Venture Capital	45,497	533,487	66,262	27,333
Real Estate	72,280	847,524	105,267	43,422
Mortgage Loans	225	2,647	330	136
Invested Securities Lending Collateral	105,414	1,236,060	153,526	63,328
Investment Contracts	—	—	—	—
Total Investments	930,536	10,911,193	1,355,223	559,022
Fixed Assets:				
Land	119	1,401	174	72
Buildings and Improvements	711	8,336	1,035	426
Machinery and Equipment	200	2,350	292	120
Less Accumulated Depreciation	(660)	(7,747)	(962)	(396)
Total Fixed Assets	370	4,340	539	222
Total Assets	981,627	11,519,867	1,430,367	591,255
LIABILITIES				
Accounts Payable	28,971	339,786	42,192	17,404
Securities Lending Liability	105,414	1,236,060	153,526	63,328
Leave/Postemployment Benefits	105	1,233	153	63
Insurance Reserves	3,155	36,986	4,593	1,895
Total Liabilities	137,645	1,614,065	200,464	82,690
NET ASSETS				
Held in trust for:				
Pension Benefits	843,982	9,905,802	1,229,903	508,565
Deferred Compensation	—	—	—	—
Total Net Assets	\$ 843,982	\$ 9,905,802	\$ 1,229,903	\$ 508,565

Pension Trust		Deferred Compensation		
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	Total
\$ 3,868	\$ 489	\$ 1,223	\$ 62	\$ 589,267
—	—	—	—	850
147	—	—	—	23,630
23	—	—	—	23
1,019	129	23,877	—	178,738
1,189	129	23,877	0	203,241
22,777	2,881	447,932	61,242	3,972,271
46,488	5,880	821,153	112,391	8,001,709
4,457	564	—	—	677,600
7,080	896	—	—	1,076,469
22	3	—	—	3,363
10,326	1,306	28,099	4,012	1,602,071
—	—	36,705	25,913	62,618
91,150	11,530	1,333,889	203,558	15,396,101
12	1	—	—	1,779
69	10	—	—	10,587
19	3	—	—	2,984
(64)	(9)	—	—	(9,838)
36	5	0	0	5,512
96,243	12,153	1,358,989	203,620	16,194,121
2,838	359	845	90	432,485
10,326	1,306	28,099	4,012	1,602,071
10	1	—	—	1,565
309	39	—	—	46,977
13,483	1,705	28,944	4,102	2,083,098
82,760	10,448	—	—	12,581,460
—	—	1,330,045	199,518	1,529,563
\$ 82,760	\$ 10,448	\$ 1,330,045	\$ 199,518	\$ 14,111,023

State of Utah**Combining Statement Of Changes In Fiduciary Net Assets
Defined Benefit Pension Plans And
Other Pension Trust Funds**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Pension Trust			
	Contributory System	Non- contributory System	Public Safety System	Fire- fighters System
ADDITIONS				
Contributions:				
Member	\$ 8,604	\$ 10,969	\$ 3,976	\$ 7,549
Employer	8,480	331,951	46,113	—
Court Fees and Fire Insurance Premiums	—	—	—	8,354
Total Contributions	<u>17,084</u>	<u>342,920</u>	<u>50,089</u>	<u>15,903</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	(72,423)	(826,185)	(102,635)	(42,515)
Interest, Dividends, and Other Investment Income	26,186	298,719	37,107	15,372
Less Investment Expenses	(1,524)	(17,382)	(2,160)	(895)
Net Investment Income	<u>(47,761)</u>	<u>(544,848)</u>	<u>(67,688)</u>	<u>(28,038)</u>
Transfers From Affiliated Systems	—	5,255	1,416	1,517
Total Additions	<u>(30,677)</u>	<u>(196,673)</u>	<u>(16,183)</u>	<u>(10,618)</u>
DEDUCTIONS				
Retirement Benefits	36,714	265,102	41,084	16,207
Cost of Living Benefits	20,528	46,209	6,801	3,775
Supplemental Retirement Benefits	2,333	—	722	796
Refunds/Plan Distributions	3,087	3,264	542	543
Administrative Expenses	654	6,695	843	318
Transfers To Affiliated Systems	8,445	—	—	—
Total Deductions	<u>71,761</u>	<u>321,270</u>	<u>49,992</u>	<u>21,639</u>
Change in Net Assets Held in Trust for:				
Pension Benefits	(102,438)	(517,943)	(66,175)	(32,257)
Deferred Compensation	—	—	—	—
Net Assets – Beginning (as restated)	946,420	10,423,745	1,296,078	540,822
Net Assets – Ending	<u>\$ 843,982</u>	<u>\$ 9,905,802</u>	<u>\$ 1,229,903</u>	<u>\$ 508,565</u>

Pension Trust		Deferred Compensation		
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	Total
\$ 7	\$ —	\$ 145,557	\$ 5,935	\$ 182,597
1,007	—	—	—	387,551
2,046	—	—	—	10,400
<u>3,060</u>	<u>0</u>	<u>145,557</u>	<u>5,935</u>	<u>580,548</u>
(6,914)	(902)	(36,767)	(6,853)	(1,095,194)
2,500	326	4,214	1,646	386,070
(145)	(19)	(1,498)	(188)	(23,811)
<u>(4,559)</u>	<u>(595)</u>	<u>(34,051)</u>	<u>(5,395)</u>	<u>(732,935)</u>
239	18	—	—	8,445
<u>(1,260)</u>	<u>(577)</u>	<u>111,506</u>	<u>540</u>	<u>(143,942)</u>
2,965	547	—	—	362,619
694	144	—	—	78,151
—	—	—	—	3,851
—	2	54,819	16,129	78,386
52	6	3,374	498	12,440
—	—	—	—	8,445
<u>3,711</u>	<u>699</u>	<u>58,193</u>	<u>16,627</u>	<u>543,892</u>
(4,971)	(1,276)	—	—	(725,060)
—	—	53,313	(16,087)	37,226
87,731	11,724	1,276,732	215,605	14,798,857
<u>\$ 82,760</u>	<u>\$ 10,448</u>	<u>\$ 1,330,045</u>	<u>\$ 199,518</u>	<u>\$ 14,111,023</u>

State of Utah**Combining Statement Of Fiduciary Net Assets
Private Purpose Trust Funds**

June 30, 2002

(Expressed in Thousands)

	Utah Navajo Nation Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ASSETS				
Cash and Cash Equivalents	\$ 1,430	\$ 4,494	\$ 5,136	\$ 444
Investments	14,142	11,250	27,634	22,377
Receivables:				
Accounts	1,135	—	1,806	34
Accrued Assessments	—	—	6,454	—
Due From Other Funds	60	—	—	—
Land	264	—	—	—
Buildings and Improvements	4,579	—	—	—
Machinery and Equipment	198	—	—	—
Less Accumulated Depreciation	(882)	—	—	—
Total Assets	<u>20,926</u>	<u>15,744</u>	<u>41,030</u>	<u>22,855</u>
LIABILITIES				
Accounts Payable	246	101	29	1,095
Due To Other Funds	8	200	4	2
Deferred Revenue	—	—	—	285
Policy Claims Liabilities	—	—	307,639	82,191
Total Liabilities	<u>254</u>	<u>301</u>	<u>307,672</u>	<u>83,573</u>
NET ASSETS				
Held in trust for:				
Individuals, Organizations, and Other Governments	<u>20,672</u>	<u>15,443</u>	<u>(266,642)</u>	<u>(60,718)</u>
Total Net Assets	<u>\$ 20,672</u>	<u>\$ 15,443</u>	<u>\$ (266,642)</u>	<u>\$ (60,718)</u>

Utah Education Savings Plan Trust	Miscellaneous Restricted Trust	Total
\$ 2,669	\$ 5,861	\$ 20,034
218,224	7,438	301,065
—	—	2,975
—	—	6,454
—	—	60
—	—	264
—	—	4,579
—	—	198
—	—	(882)
<u>220,893</u>	<u>13,299</u>	<u>334,747</u>
166	324	1,961
—	2,124	2,338
—	—	285
—	—	389,830
<u>166</u>	<u>2,448</u>	<u>394,414</u>
<u>220,727</u>	<u>10,851</u>	<u>(59,667)</u>
<u>\$220,727</u>	<u>\$ 10,851</u>	<u>\$ (59,667)</u>

State of Utah**Combining Statement Of Changes In Fiduciary Net Assets
Private Purpose Trust Funds**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Utah Navajo Nation Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ADDITIONS				
Contributions:				
Member	\$ —	\$ —	\$ —	\$ —
Total Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	(40)	(9)	(1,766)	(63)
Interest, Dividends, and Other Investment Income	<u>422</u>	<u>144</u>	<u>563</u>	<u>737</u>
Total Investment Income	<u>382</u>	<u>135</u>	<u>(1,203)</u>	<u>674</u>
Other Additions:				
Escheats	—	8,350	—	—
Royalties and Rents	2,872	—	—	—
Fees, Assessments, and Revenues	—	—	28,580	4,001
Miscellaneous	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Other	<u>2,872</u>	<u>8,350</u>	<u>28,580</u>	<u>4,001</u>
Total Additions	<u>3,254</u>	<u>8,485</u>	<u>27,377</u>	<u>4,675</u>
DEDUCTIONS				
Trust Operating Expenses	1,081	—	—	9,719
Distributions and Benefit Payments	—	7,286	11,342	—
Administrative and General Expenses	1,307	1,380	1,150	1,297
Payments to Primary Government	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Deductions	<u>2,388</u>	<u>8,666</u>	<u>12,492</u>	<u>11,016</u>
Change in Net Assets Held in Trust for:				
Individuals, Organizations, and Other Governments	866	(181)	14,885	(6,341)
Net Assets – Beginning (as restated)	<u>19,806</u>	<u>15,624</u>	<u>(281,527)</u>	<u>(54,377)</u>
Net Assets – Ending	<u>\$ 20,672</u>	<u>\$ 15,443</u>	<u>\$ (266,642)</u>	<u>\$ (60,718)</u>

Utah Education Savings Plan Trust	Miscellaneous Restricted Trust	Total
<u>\$202,846</u>	<u>\$ 3,777</u>	<u>\$206,623</u>
<u>202,846</u>	<u>3,777</u>	<u>206,623</u>
 (25,082)	 (17)	 (26,977)
<u>2,495</u>	<u>184</u>	<u>4,545</u>
<u>(22,587)</u>	<u>167</u>	<u>(22,432)</u>
 —	 —	 8,350
 —	 —	 2,872
 417	 23,949	 56,947
 —	 2,985	 2,985
<u>417</u>	<u>26,934</u>	<u>71,154</u>
<u>180,676</u>	<u>30,878</u>	<u>255,345</u>
 —	 23,683	 34,483
 1,679	 3,707	 24,014
 553	 3,745	 9,432
 —	 1,579	 1,579
<u>2,232</u>	<u>32,714</u>	<u>69,508</u>
 178,444	 (1,836)	 185,837
<u>42,283</u>	<u>12,687</u>	<u>(245,504)</u>
<u>\$220,727</u>	<u>\$ 10,851</u>	<u>\$ (59,667)</u>

State of Utah**Combining Statement Of Fiduciary Assets and Liabilities
Agency Funds**

June 30, 2002

(Expressed in Thousands)

	Taxes and Social Security	County and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	\$ 53	\$ 29,095	\$ 23,373	\$ 7,236	\$ 59,757
Investments	—	68	—	9,779	9,847
Accounts Receivable	—	—	—	16	16
Due From Other Funds	—	4,404	—	206	4,610
Total Assets	<u>\$ 53</u>	<u>\$ 33,567</u>	<u>\$ 23,373</u>	<u>\$ 17,237</u>	<u>\$ 74,230</u>
LIABILITIES					
Due To Other Individuals or Groups	\$ —	\$ 898	\$ 22,845	\$ 5,458	\$ 29,201
Due To Other Taxing Units	53	32,669	528	11,779	45,029
Total Liabilities	<u>\$ 53</u>	<u>\$ 33,567</u>	<u>\$ 23,373</u>	<u>\$ 17,237</u>	<u>\$ 74,230</u>

State of Utah**Combining Statement Of Changes
In Assets And Liabilities
Agency Funds**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Balance June 30, 2001 (as restated)	Additions	Deletions	Balance June 30, 2002
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	\$ 51	\$ 195,396	\$ 195,394	\$ 53
Total Assets	<u>\$ 51</u>	<u>\$ 195,396</u>	<u>\$ 195,394</u>	<u>\$ 53</u>
Liabilities				
Due To Other Taxing Units	\$ 51	\$ 4	\$ 2	\$ 53
Total Liabilities	<u>\$ 51</u>	<u>\$ 4</u>	<u>\$ 2</u>	<u>\$ 53</u>
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	\$ 27,882	\$ 991,837	\$ 990,624	\$ 29,095
Investments	13	2,640	2,585	68
Due From Other Funds	6,811	80,252	82,659	4,404
Total Assets	<u>\$ 34,706</u>	<u>\$ 1,074,729</u>	<u>\$ 1,075,868</u>	<u>\$ 33,567</u>
Liabilities				
Due To Other Individuals or Groups	\$ 834	\$ 413	\$ 349	\$ 898
Due To Other Taxing Units	33,872	39,028	40,231	32,669
Total Liabilities	<u>\$ 34,706</u>	<u>\$ 39,441</u>	<u>\$ 40,580</u>	<u>\$ 33,567</u>
STATE COURTS				
Assets				
Cash and Cash Equivalents	\$ 19,413	\$ 46,055	\$ 42,095	\$ 23,373
Total Assets	<u>\$ 19,413</u>	<u>\$ 46,055</u>	<u>\$ 42,095</u>	<u>\$ 23,373</u>
Liabilities				
Due To Other Individuals or Groups	\$ 18,867	\$ 3,978	\$ —	\$ 22,845
Due To Other Taxing Units	546	4,476	4,494	528
Total Liabilities	<u>\$ 19,413</u>	<u>\$ 8,454</u>	<u>\$ 4,494</u>	<u>\$ 23,373</u>
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	\$ 4,345	\$ 377,559	\$ 374,668	\$ 7,236
Investments	15,239	79,695	85,155	9,779
Accounts Receivable	1	16	1	16
Due From Other Funds	228	37,770	37,792	206
Total Assets	<u>\$ 19,813</u>	<u>\$ 495,040</u>	<u>\$ 497,616</u>	<u>\$ 17,237</u>
Liabilities				
Due To Other Individuals or Groups	\$ 6,238	\$ 15,686	\$ 16,466	\$ 5,458
Due To Other Taxing Units	13,575	19,608	21,404	11,779
Total Liabilities	<u>\$ 19,813</u>	<u>\$ 35,294</u>	<u>\$ 37,870</u>	<u>\$ 17,237</u>
TOTAL –ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	\$ 51,691	\$ 1,610,847	\$ 1,602,781	\$ 59,757
Investments	15,252	82,335	87,740	9,847
Accounts Receivable	1	16	1	16
Due From Other Funds	7,039	118,022	120,451	4,610
Total Assets	<u>\$ 73,983</u>	<u>\$ 1,811,220</u>	<u>\$ 1,810,973</u>	<u>\$ 74,230</u>
Liabilities				
Due To Other Individuals or Groups	\$ 25,939	\$ 20,077	\$ 16,815	\$ 29,201
Due To Other Taxing Units	48,044	63,116	66,131	45,029
Total Liabilities	<u>\$ 73,983</u>	<u>\$ 83,193</u>	<u>\$ 82,946</u>	<u>\$ 74,230</u>

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Nonmajor Component Units

Comprehensive Health Insurance Pool

The Pool was created as a nonprofit quasi-governmental entity to provide access to health insurance coverage for residents of the State who are considered uninsurable. Ongoing operating costs are recovered through premium charges supplemented with appropriations from the General Fund.

Heber Valley Historic Railroad Authority

The Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

Utah State Fair Corporation

The Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

Utah Science Center Authority

The Authority was created to provide a means to foster the development of science, arts, tourism, cultural, and educational facilities in order to further the welfare of the citizens of the State and its economic growth.

Technology Finance Corporation

The Corporation assists in the development and growth of small businesses throughout the State of Utah. The Legislature did not reauthorize the Corporation's existence and it is currently in the process of dissolution.

Colleges and Universities

The colleges and universities are the State's public institutions of higher education. The nonmajor institutions of higher education are:

- Weber State University
- Southern Utah University
- Salt Lake Community College
- Utah Valley State College
- Dixie State College of Utah
- College of Eastern Utah
- Snow College
- College of Applied Technology

State of Utah**Combining Statement Of Net Assets
Nonmajor Component Units**

June 30, 2002

(Expressed in Thousands)

	Comprehensive Health Insurance Pool	Heber Valley Historic Railroad Authority	Utah State Fair Corporation	Utah Science Center Authority	Technology Finance Corporation
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 13,142	\$ —	\$ 1,149	\$ 1	\$ 168
Investments	—	—	504	—	—
Receivables:					
Accounts, net	85	32	50	—	2
Notes/Loans/Mortgages, net	—	—	—	—	1,211
Accrued Interest	—	—	4	—	8
Prepaid Items	—	—	20	—	—
Inventories	—	32	—	—	—
Deferred Charges	—	—	—	—	—
Total Current Assets	13,227	64	1,727	1	1,389
Noncurrent Assets:					
Restricted Investments	—	—	—	—	—
Restricted Receivables, net	—	—	—	—	—
Investments	—	—	—	—	—
Prepaid Items	—	—	—	—	—
Notes/Loans/Mortgages Receivables, net	—	—	—	—	1,634
Capital Assets (net of Accumulated Depreciation)	—	2,094	940	9	1
Total Noncurrent Assets	0	2,094	940	9	1,635
Total Assets	13,227	2,158	2,667	10	3,024
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	546	109	116	4	28
Deposits	—	—	—	—	—
Due To Primary Government	—	—	8	—	—
Deferred Revenue	353	—	93	—	—
Policy Claims Liabilities	2,486	—	—	—	—
Current Portion of Long-term Liabilities	—	27	—	—	—
Total Current Liabilities	3,385	136	217	4	28
Noncurrent Liabilities:					
Accrued Liabilities	—	—	2	—	—
Deferred Revenue	—	—	—	—	—
Deposits	—	—	—	—	—
Long-term Liabilities	—	328	—	—	—
Total Noncurrent Liabilities	0	328	2	0	0
Total Liabilities	3,385	464	219	4	28
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	—	1,740	940	9	1
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	—
Expendable:					
Higher Education	—	—	—	—	—
Other	—	—	37	—	—
Unrestricted (Deficit)	9,842	(46)	1,471	(3)	2,995
Total Net Assets	\$ 9,842	\$ 1,694	\$ 2,448	\$ 6	\$ 2,996

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley State College	Dixie State College	College of Eastern Utah	Snow College	College of Applied Technology	Total Nonmajor Component Units
\$ 20,726	\$ 12,479	\$ 36,651	\$ 22,322	\$ 14,031	\$ 975	\$ 115	\$ 5,925	\$ 127,684
26,595	116	125	988	3,890	—	7,441	4,027	43,686
2,866	1,413	6,449	4,470	1,022	1,333	2,139	2,520	22,381
1,084	393	546	217	130	—	1,025	—	4,606
513	75	—	—	1	12	4	—	617
241	2,934	33	969	127	106	40	235	4,705
1,949	928	1,451	1,881	751	427	301	595	8,315
395	—	—	—	—	—	—	—	395
<u>54,369</u>	<u>18,338</u>	<u>45,255</u>	<u>30,847</u>	<u>19,952</u>	<u>2,853</u>	<u>11,065</u>	<u>13,302</u>	<u>212,389</u>
26,082	4,546	11,415	8,248	11,538	11,522	6,520	—	79,871
1,011	865	5,289	—	—	—	—	—	7,165
5,936	7,207	2,288	3,118	1,259	202	—	—	20,010
—	—	—	5,436	—	—	—	—	5,436
6,294	1,996	3,496	1,540	3,192	265	—	—	18,417
120,987	94,649	136,669	128,194	49,571	31,227	58,754	60,580	683,675
<u>160,310</u>	<u>109,263</u>	<u>159,157</u>	<u>146,536</u>	<u>65,560</u>	<u>43,216</u>	<u>65,274</u>	<u>60,580</u>	<u>814,574</u>
<u>214,679</u>	<u>127,601</u>	<u>204,412</u>	<u>177,383</u>	<u>85,512</u>	<u>46,069</u>	<u>76,339</u>	<u>73,882</u>	<u>1,026,963</u>
1,403	833	6,778	3,791	939	835	801	2,991	19,174
—	192	—	318	508	—	8	6	1,032
899	19	393	117	238	1,632	503	13	3,822
3,118	4,063	4,054	2,463	11	37	—	959	15,151
—	—	—	—	—	—	—	—	2,486
3,477	2,604	4,060	3,508	1,248	656	—	416	15,996
<u>8,897</u>	<u>7,711</u>	<u>15,285</u>	<u>10,197</u>	<u>2,944</u>	<u>3,160</u>	<u>1,312</u>	<u>4,385</u>	<u>57,661</u>
—	—	559	20	—	—	—	—	581
—	—	—	—	—	—	288	—	288
1,215	—	418	—	—	71	275	—	1,979
20,476	9,754	19,017	22,263	10,696	4,742	1,244	3,746	92,266
<u>21,691</u>	<u>9,754</u>	<u>19,994</u>	<u>22,283</u>	<u>10,696</u>	<u>4,813</u>	<u>1,807</u>	<u>3,746</u>	<u>95,114</u>
<u>30,588</u>	<u>17,465</u>	<u>35,279</u>	<u>32,480</u>	<u>13,640</u>	<u>7,973</u>	<u>3,119</u>	<u>8,131</u>	<u>152,775</u>
101,671	85,788	118,698	99,117	39,773	25,648	58,252	59,141	590,778
23,761	4,186	3,270	5,111	10,186	11,341	3,507	—	61,362
35,877	9,236	18,401	23,479	14,249	2,741	8,707	2,296	114,986
—	—	—	—	—	—	—	—	37
22,782	10,926	28,764	17,196	7,664	(1,634)	2,754	4,314	107,025
<u>\$ 184,091</u>	<u>\$ 110,136</u>	<u>\$ 169,133</u>	<u>\$ 144,903</u>	<u>\$ 71,872</u>	<u>\$ 38,096</u>	<u>\$ 73,220</u>	<u>\$ 65,751</u>	<u>\$ 874,188</u>

State of Utah**Combining Statement Of Activities
Nonmajor Component Units**

For the Fiscal Year Ended June 30, 2002

(Expressed in Thousands)

	Comprehensive Health Insurance Pool	Heber Valley Historic Railroad Authority	Utah State Fair Corporation	Utah Science Center Authority	Technology Finance Corporation
Expenses	\$ 11,470	\$ 1,395	\$ 3,869	\$ 36	\$ 1,901
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	—
Scholarship Allowances	—	—	—	—	—
Sales, Services, and Other Revenues	6,683	1,394	3,415	—	1,001
Operating Grants and Contributions	—	—	109	—	56
Capital Grants and Contributions	—	113	—	—	—
Total Program Revenues	6,683	1,507	3,524	0	1,057
Net (Expenses) Revenues	(4,787)	112	(345)	(36)	(844)
General Revenues:					
State Appropriations	3,009	—	554	—	—
Unrestricted Investment Income	345	—	—	—	—
Permanent Endowments Contributions	—	—	—	—	—
Special Item: Technology Finance Corporation					
Liquidation Transfers	—	—	—	—	(9,944)
Total General Revenues and Special Item	3,354	0	554	0	(9,944)
Change in Net Assets	(1,433)	112	209	(36)	(10,788)
Net Assets – Beginning (as restated)	11,275	1,582	2,239	42	13,784
Net Assets – Ending	\$ 9,842	\$ 1,694	\$ 2,448	\$ 6	\$ 2,996

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley State College	Dixie State College	College of Eastern Utah	Snow College	College of Applied Technology	Total Nonmajor Component Units
<u>\$ 130,259</u>	<u>\$ 69,582</u>	<u>\$ 127,512</u>	<u>\$ 136,827</u>	<u>\$ 38,585</u>	<u>\$ 25,113</u>	<u>\$ 31,719</u>	<u>\$ 54,698</u>	<u>\$ 632,966</u>
42,424	14,404	38,626	48,760	9,763	4,406	5,303	3,556	167,242
(8,253)	(4,206)	(4,839)	(3,429)	(2,959)	(2,339)	(3,884)	(245)	(30,154)
13,681	14,160	11,918	17,725	4,119	3,358	2,954	4,959	85,367
24,209	13,799	20,219	29,559	8,779	6,460	6,569	8,802	118,561
2,463	2,596	9,979	1,613	253	18	2,875	721	20,631
<u>74,524</u>	<u>40,753</u>	<u>75,903</u>	<u>94,228</u>	<u>19,955</u>	<u>11,903</u>	<u>13,817</u>	<u>17,793</u>	<u>361,647</u>
<u>(55,735)</u>	<u>(28,829)</u>	<u>(51,609)</u>	<u>(42,599)</u>	<u>(18,630)</u>	<u>(13,210)</u>	<u>(17,902)</u>	<u>(36,905)</u>	<u>(271,319)</u>
58,618	27,107	54,931	42,112	16,459	11,768	16,957	39,796	271,311
—	—	—	—	—	—	—	—	345
3,683	247	—	—	447	85	—	—	4,462
—	—	—	—	—	—	—	—	(9,944)
<u>62,301</u>	<u>27,354</u>	<u>54,931</u>	<u>42,112</u>	<u>16,906</u>	<u>11,853</u>	<u>16,957</u>	<u>39,796</u>	<u>266,174</u>
6,566	(1,475)	3,322	(487)	(1,724)	(1,357)	(945)	2,891	(5,145)
177,525	111,611	165,811	145,390	73,596	39,453	74,165	62,860	879,333
<u><u>\$ 184,091</u></u>	<u><u>\$ 110,136</u></u>	<u><u>\$ 169,133</u></u>	<u><u>\$ 144,903</u></u>	<u><u>\$ 71,872</u></u>	<u><u>\$ 38,096</u></u>	<u><u>\$ 73,220</u></u>	<u><u>\$ 65,751</u></u>	<u><u>\$ 874,188</u></u>

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STATISTICAL SECTION

State Of Utah

General Governmental Expenditures and Other Uses by Function

For the Last Ten Fiscal Years

(Expressed in Thousands)

Function	Fiscal Year Ended June 30									
	1993	1994	1995	1996	1997	1998	1999	2000	2001 (A)	2002 (B)
General Government and Courts.....	\$ 260,320	\$ 229,222	\$ 225,427	\$ 234,251	\$ 248,918	\$ 230,030	\$ 249,337	\$ 248,301	\$ 256,505	\$ 287,024
Business, Labor, and Agriculture.....	29,192	32,175	34,550	36,307	39,107	42,423	44,474	46,555	49,672	63,940
Community and Economic Development	63,859	68,063	71,883	82,585	84,384	72,847	75,602	77,305	83,526	91,014
Higher Education.....	358,869	374,758	409,083	432,816	464,202	475,817	507,890	531,364	569,722	652,992
Natural Resources	69,927	72,647	78,440	86,899	91,656	88,529	90,794	97,586	104,859	121,072
Human Services, Corrections, Health, and Environmental Quality.....	1,105,225	1,205,796	1,296,189	1,394,764	1,480,616	1,289,255	1,405,485	1,501,552	1,613,869	1,775,052
Employment and Family Services (C)	—	—	—	—	—	285,602	302,665	285,517	286,304	321,154
Public Education	1,134,245	1,217,741	1,299,052	1,476,565	1,651,282	1,676,668	1,776,912	1,824,162	1,949,959	1,998,450
Transportation and Public Safety	459,266	479,552	497,068	546,650	669,014	1,126,225	1,078,923	999,684	998,107	999,332
Capital Outlay	115,611	148,889	177,937	207,418	182,129	200,912	190,496	191,819	153,126	112,569
Leave/Postemployment Benefits (D)....	8,745	7,358	35,233	18,562	31,659	21,565	23,886	17,573	9,186	—
Debt Service.....	67,457	77,304	86,572	94,426	100,651	131,075	153,540	158,274	158,886	175,188
Total Expenditures All Governmental Fund Types	<u>\$3,672,716</u>	<u>\$3,913,505</u>	<u>\$4,211,434</u>	<u>\$4,611,243</u>	<u>\$5,043,618</u>	<u>\$5,640,948</u>	<u>\$5,900,004</u>	<u>\$5,979,692</u>	<u>\$6,233,721</u>	<u>\$6,597,787</u>

- (A) Prior to fiscal year 2002, this summary included expenditures of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, and Rural Development Fund), Capital Projects Fund, and Debt Service Fund. General Fund appropriations to the colleges and universities reported as transfers in the financial statements were also included in Higher Education expenditures.
- (B) Beginning in fiscal year 2002, this summary includes expenditures of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). The comparability of 2002 expenditure amounts to the 2001 and prior amounts is affected.
- (C) The Department of Workforce Services was created in the fiscal year ended June 30, 1998, to operate the integrated Employment and Family Services function for the State. The Employment and Family Services function was previously reported on this schedule in the functions of General Government, Community and Economic Development, and Human Services.
- (D) For fiscal year 2002 and after, Leave/Postemployment expenditures are not reported in the governmental funds financial statements due to the implementation of GASB Statement 34.

State Of Utah**General Governmental Revenues by Source
and Liquor Control Profit Transfer**

For the Last Ten Fiscal Years

(Expressed in Thousands)

Revenue Source	Fiscal Year Ended June 30									
	1993	1994	1995	1996	1997	1998	1999	2000	2001 (A)	2002 (B)
Taxes:										
Sales and Use Tax.....	\$ 887,361	\$ 984,287	\$1,061,870	\$1,170,120	\$1,259,961	\$1,287,849	\$1,351,332	\$1,400,962	\$1,465,301	\$1,473,479
Individual Income Tax	841,977	925,004	1,026,803	1,139,080	1,237,332	1,377,494	1,463,897	1,654,949	1,712,676	1,584,546
Corporate Tax.....	83,928	125,191	157,901	176,781	191,991	196,275	192,221	186,936	183,141	124,561
Motor and Special Fuel Tax	176,918	187,377	196,422	206,904	214,758	290,086	298,390	314,164	310,000	321,682
Other Taxes	111,226	139,819	174,608	145,077	133,063	203,667	150,677	234,442	208,748	201,583
Total Taxes	2,101,410	2,361,678	2,617,604	2,837,962	3,037,105	3,355,371	3,456,517	3,791,453	3,879,866	3,705,851
Other Revenues:										
Federal Contracts and Grants	1,073,686	1,141,711	1,193,140	1,266,632	1,315,279	1,382,748	1,543,186	1,575,608	1,708,087	1,856,477
Charges for Services	138,844	152,564	158,454	149,868	163,763	174,228	206,420	217,621	236,986	222,669
Licenses, Permits, and Fees.....	58,760	62,561	65,529	67,512	64,486	83,994	87,848	92,300	91,875	107,201
Federal Mineral Lease.....	30,287	33,335	29,054	34,718	34,111	33,485	28,962	34,957	49,566	30,527
Federal Aeronautics	25,001	37,034	49,701	35,122	24,890	22,762	18,737	26,859	33,386	31,026
Intergovernmental	27,405	31,564	20,740	46,602	38,731	72,366	42,526	80,431	35,225	7,611
Investment Income.....	21,476	21,020	34,906	39,926	39,404	61,782	58,055	55,804	65,068	31,240
Miscellaneous and Other.....	44,832	54,613	52,987	67,983	80,131	86,168	89,604	119,189	112,970	176,895
Total Revenues	3,521,701	3,896,080	4,222,115	4,546,325	4,797,900	5,272,904	5,531,855	5,994,222	6,213,029	6,169,497
Liquor Control Profit Transfer.....	18,132	17,893	20,080	22,155	24,312	26,297	26,959	28,659	30,253	32,541
Total Revenues and Liquor Control Profit Transfer.....	<u>\$3,539,833</u>	<u>\$3,913,973</u>	<u>\$4,242,195</u>	<u>\$4,568,480</u>	<u>\$4,822,212</u>	<u>\$5,299,201</u>	<u>\$5,558,814</u>	<u>\$6,022,881</u>	<u>\$6,243,282</u>	<u>\$6,202,038</u>

(A) Note: This summary includes revenues of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(B) Beginning in fiscal year 2002, this summary includes revenues of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). The comparability of 2002 revenue amounts to the 2001 and prior amounts is affected.

General Obligation Bonds

Article XIV, Section 1, of the Utah Constitution limits the State to a total general obligation debt not to exceed 1.5 percent of the fair market value of the taxable property of the State. Using the latest valuation made in 2001, the debt limit of the State at June 30, 2002, was \$2.448 billion. During the fiscal year ended June 30, 2002, the State issued Series 2001B to refund \$208 million of variable rate debt and provide \$126.25 million and \$13.75 million for highway and building construction, respectively. The State also issued \$281.2 million Series 2002A to provide funds for highway and building projects. The State's total general obligation debt outstanding at June 30, 2002, is \$1.474 billion. Therefore under the law, the State has \$974 million of additional borrowing capacity at June 30, 2002.

	Maturity Dates	(Expressed in Thousands)	
		Original Issues	Outstanding June 30, 2002
1996 Capital Facility Issue.....	2002	\$ 20,000	\$ 20,000
1997 ABCDE Highway/Capital Facility Issue.....	2001–2012	\$ 200,000	\$ 191,750
1997 F Highway Issue.....	2001–2012	\$ 205,000	\$ 192,375
1998 A Highway/Capital Facility Issue.....	2001–2012	\$ 265,000	\$ 238,075
1999 ABCD Highway Issue.....	2001–2014	\$ 358,000	\$ 150,000
1999 E Capital Facility Issue	2004	\$ 38,000	\$ 38,000
2001 A Capital Facility Issue	2004	\$ 15,000	\$ 15,000
2001 B Highway/Capital Facility Issue.....	2004–2014	\$ 348,000	\$ 348,000
2002 A Highway/Capital Facility Issue.....	2003–2015	\$ 281,200	\$ 281,200
Total General Obligation Bonds Outstanding			<u>\$1,474,400</u>

Ratio of Net General Bonded Debt to Fair Market Value and Net Bonded Debt Per Capita

For the Last Ten Fiscal Years

		(Expressed in Thousands)							
Fiscal Year	Population	Fair Market Value	Gross Bonded Debt	Debt Service	Debt Payable	Debt Payable	Net Bonded Debt (A)	Ratio of Net Bonded Debt to Fair Market Value	Net Bonded Debt Per Capita
				Moneys Available	From Enterprise Revenues	From Component Revenues			
1993	1,889,000	\$ 66,199,942	\$ 2,109,607	\$ 4,958	\$ 332,470	\$ 1,348,627	\$ 423,552	0.64%	\$ 224
1994	1,947,000	\$ 70,117,209	\$ 2,086,020	\$ 6,898	\$ 410,970	\$ 1,218,329	\$ 449,823	0.64%	\$ 231
1995	1,995,000	\$ 77,099,869	\$ 2,047,901	\$ 8,881	\$ 434,490	\$ 1,096,056	\$ 508,474	0.66%	\$ 255
1996	2,043,000	\$ 99,224,437	\$ 2,425,271	\$ 13,493	\$ 551,015	\$ 1,285,186	\$ 575,577	0.58%	\$ 282
1997	2,099,000	\$ 111,599,469	\$ 2,380,548	\$ 13,891	\$ 604,065	\$ 1,178,953	\$ 583,639	0.52%	\$ 278
1998	2,142,000	\$ 125,780,622	\$ 3,359,985	\$ 7,567	\$ 625,455	\$ 1,307,930	\$ 1,419,033	1.13%	\$ 662
1999	2,193,000	\$ 134,600,515	\$ 3,694,340	\$ 8,124	\$ 804,968	\$ 1,374,679	\$ 1,506,569	1.12%	\$ 687
2000	2,247,000	\$ 142,192,158	\$ 3,764,487	\$ 8,757	\$ 881,285	\$ 1,412,042	\$ 1,462,403	1.03%	\$ 651
2001	2,296,000	\$ 152,329,350	\$ 3,891,193	\$ 11,475	\$ 1,044,305	\$ 1,453,935	\$ 1,381,478	0.91%	\$ 602
2002	2,330,000	\$ 163,185,739	\$ 4,645,703	\$ 22,882	\$ 1,254,318	\$ 1,574,607	\$ 1,793,896	1.10%	\$ 770

(A) Note: Includes general obligation bonds plus revenue bonds whose repayment is funded through governmental fund type operations or appropriations.

State Of Utah

Calculation of Legal Debt Limits

For the Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year Ended June 30									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Taxable Property Value (A)	\$ 57,173	\$ 60,481	\$ 65,239	\$ 74,284	\$ 83,149	\$ 93,278	\$ 99,917	\$ 105,149	\$ 112,218	\$ 120,332
Fair Market Value (A)	66,200	70,117	77,100	99,224	111,599	125,781	134,601	142,192	152,329	163,186
Debt Limit (Fair Market Value times 1.5%).....	993	1,052	1,156	1,488	1,674	1,886	2,019	2,133	2,285	2,448
General Obligation Bonded Debt	(378)	(394)	(431)	(413)	(367)	(1,202)	(1,252)	(1,212)	(1,146)	(1,474)
Additional General Obligation Debt Incurring Capacity.....	\$ 615	\$ 658	\$ 725	\$ 1,075	\$ 1,307	\$ 684	\$ 767	\$ 921	\$ 1,139	\$ 974

(A) Source: Utah State Tax Commission (*Final Values* for the preceding calendar yearend)

Statutory Debt Limit

The statutory debt limit was first enacted in 1989 and is 20 percent of the appropriations limit. The Legislature has exempted \$1,000.45 million of Highway Construction Bonds from the statutory bonding debt limit. At June 30, 2002, the statutory debt limit was (expressed in thousands):

	Calculated Using The Fiscal Year 2003 Appropriations Limitation	Calculated Using The Fiscal Year 2002 Appropriations Limitation
Appropriations Limitation	\$ 4,173,189	\$ 4,176,703
	20%	20%
Statutory Debt Limit.....	834,638	835,341
Outstanding General Obligation Debt	473,950	473,950
Additional General Obligation Debt Incurring Capacity	\$ 360,688	\$ 361,391

General Obligation Bonded Debt Per Capita

For the Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Net General Obligation Bonded Debt Per Capita	\$ 200.26	\$ 202.53	\$ 215.82	\$ 202.24	\$ 174.92	\$ 561.30	\$ 570.69	\$ 539.53	\$ 499.13	\$ 632.79

State Of Utah

Ratio of Debt Service Expenditures to General and to All Governmental Fund Type Expenditures

For the Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year Ended June 30									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
General Fund Expenditures (A).....	\$ 1,903	\$ 2,037	\$ 2,214	\$ 2,359	\$ 2,514	\$ 2,591	\$ 2,795	\$ 2,902	\$ 3,088	\$ 3,412
Debt Service Expenditures	\$ 68	\$ 77	\$ 87	\$ 94	\$ 101	\$ 131	\$ 154	\$ 158	\$ 159	\$ 175
Ratio Debt Service to General Fund Expenditures	<u>3.57%</u>	<u>3.78%</u>	<u>3.93%</u>	<u>3.98%</u>	<u>4.02%</u>	<u>5.06%</u>	<u>5.51%</u>	<u>5.44%</u>	<u>5.15%</u>	<u>5.13%</u>
Total All Governmental Funds Expenditures	\$ 3,673	\$ 3,914	\$ 4,211	\$ 4,611	\$ 5,044	\$ 5,641	\$ 5,900	\$ 5,980	\$ 6,234	\$ 6,598
Ratio Debt Service Expenditures to All Governmental Funds Expenditures	<u>1.85%</u>	<u>1.97%</u>	<u>2.07%</u>	<u>2.04%</u>	<u>2.00%</u>	<u>2.32%</u>	<u>2.61%</u>	<u>2.64%</u>	<u>2.55%</u>	<u>2.65%</u>

(A) Includes payments to Higher Education.

Enterprise Funds Revenue Bond Coverage

For the Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Gross Revenues	Direct Operating Expenses (B)	Net Revenue Available For Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1993	\$ 26,607	\$ 3,516	\$ 23,091	\$ 24,255	\$ 19,096	\$ 43,351	0.53
1994	\$ 30,632	\$ 4,644	\$ 25,988	\$ 19,670	\$ 22,331	\$ 42,001	0.62
1995	\$ 117,795	\$ 65,928	\$ 51,867	\$ 22,175	\$ 24,489	\$ 46,664	1.11
1996	\$ 132,945	\$ 74,285	\$ 58,660	\$ 35,940	\$ 27,123	\$ 63,063	0.93
1997	\$ 147,167	\$ 86,977	\$ 60,190	\$ 21,360	\$ 28,887	\$ 50,247	1.20
1998	\$ 161,547	\$ 91,829	\$ 69,718	\$ 73,660	\$ 32,384	\$ 106,044	0.66
1999	\$ 169,831	\$ 102,415	\$ 67,416	\$ 20,670	\$ 34,480	\$ 55,150	1.22
2000	\$ 203,482	\$ 120,313	\$ 83,169	\$ 51,177	\$ 43,639	\$ 94,816	0.88
2001	\$ 217,129	\$ 128,562	\$ 88,567	\$ 95,482	\$ 48,575	\$ 144,057	0.61
2002	\$ 227,458	\$ 139,840	\$ 87,618	\$ 12,562	\$ 30,446	\$ 43,008	2.04

Fiscal years 1993 and 1994 Enterprise Funds revenue bond coverage includes only bonds from the Student Assistance Programs. Alcoholic Beverage Control revenue bonds are included along with the Student Assistance Programs, beginning in fiscal year 1995. Utah Correctional Industries revenue bonds are included with the other enterprise funds, beginning in fiscal year 2000. In fiscal year 2002, the water loan program bonds were added to the other enterprise funds.

(B) Does not include interest expense.

Revenue Bonds

In addition to general obligation debt, several issues of revenue bonds were outstanding at June 30, 2002.

The Utah Housing Corporation issued mortgage purchase bonds to provide adequate sources of capital for housing for low and moderate income families. The bonds, totaling \$1.227 billion at June 30, 2002, are to be repaid from mortgage payments.

The Board of Regents issued Student Loan bonds to guarantee repayment of eligible student loans and to make loans to eligible students. The bonds are repaid from student loan payments and federal allowances. Bonds payable at June 30, 2002, net of unamortized premium, total \$1.227 billion.

The State Building Ownership Authority (SBOA) issues bonds for the construction of facilities that are leased to and used by various state entities and which are repaid from the lease income. The Authority issued the 1992 A and B bonds for the construction of office facilities for the Department of Workforce Services—Employment Security and the Department of Corrections, bonds outstanding at June 30, 2002, are \$17.095 million and \$930 thousand respectively. The Authority issued the 1993 A and B bonds for the construction of office facilities for the Department of Human Services and the Department of Education, at June 30, 2002, bonds outstanding are \$4.26 million and \$5.790 million respectively. The Authority issued the 1994 A bonds for construction of facilities for four state agencies; \$5.410 million of bonds are outstanding at June 30, 2002. The Authority issued the 1995 A bonds for construction of four office facilities to be used by state agencies, the outstanding amount of these bonds at June 30, 2002, is \$18.885 million. The Authority issued the 1996 A and B bonds for construction of facilities for five state agencies and three institutions of higher education; at June 30, 2002, \$9.085 million and \$13.495 million of bonds are outstanding, respectively. The Authority issued the 1997 A bonds for the acquisition and construction of five facilities for the Alcoholic Beverage Control Commission (nonmajor enterprise fund), the outstanding amount of these bonds at June 30, 2002, is \$3.665 million. The Authority issued the 1998 A bonds for the construction of a facility for the Alcoholic Beverage Control Commission, construction of a warehouse for the Division of Fleet Operations (internal service fund), acquisition of right-of-ways for the construction of highways, and acquisition of the Youth Corrections Facility previously leased through Salt Lake County; bonds outstanding at June 30, 2002, amounted to \$18.935 million. The 1998 B bonds were issued for the construction of student housing at the University of Utah (colleges and universities). The facilities will also serve as an Olympic Village during the 2002 Winter Games. At June 30, 2002, \$27.676 million of bonds were outstanding. The bond is to be repaid at maturity by the Salt Lake Organizing Committee. The 1998 C refunding bond advance refunded \$15.655, \$60.925, and \$29.035 million of the 94 A, 95 A, and 96 A bonds, respectively, to take advantage of lower interest rates; \$104.960 million of the bonds are outstanding at June 30, 2002. The Authority issued the 1999 A bonds to build an administration building for the Department of Corrections and the Board of Pardons and Parole Administration, acquire and construct two facilities for the Alcoholic Beverage Commission, and expand

a Utah Correctional Industries Facility (nonmajor enterprise fund) at June 30, 2002, \$9.135 million of bonds were outstanding. The Authority issued Series 2001 A and Series 2001 C bonds to construct the Huntsman Cancer Research Hospital, bonds outstanding at June 30, 2002 amounted to \$69.85 million and \$30.3 million respectively. The Authority issued Series 2001 B bonds for the construction of the Soldier Hollow golf course, an Alcoholic Beverage Control Commission warehouse and two retail outlets, and an additional amount to complete a state agency building. At June 30, 2002 \$25.76 million of Series 2001 B bonds were outstanding.

The State's water loan programs have issued revolving loan recapitalization program bonds to provide capital for the State's revolving loan programs, and subsequently has refunded one of the bonds. The bonds are secured by and repayment is made from the collection of the revolving loan programs' notes receivable. At June 30, 2002, the water loan programs had \$4.135 million of bonds outstanding, consisting of \$1.115 million of Series 1992A Revolving Loan Recapitalization bonds and \$3.020 million of Series 1995 Water Refunding bonds.

The colleges and universities have issued bonds for various purposes including student housing, special events centers, and student union centers. The bonds are secured by the related assets, student building fees, and other income of certain college activities. Bonds payable at June 30, 2002, net of unamortized premium, totaled \$347.277 million.

In the opinion of the bond counsel, the revenue bonds are not a debt, liability, or general obligation of the State of Utah and, therefore, do not impair the legal borrowing capacity of the State.

The enabling legislation for bonds issued by the State Board of Regents (with respect to the Student Assistance Programs), the Utah State Building Ownership Authority, and the Utah Housing Corporation requires or permits these entities to establish debt service reserve funds as reserves for those bonds. The State Financing Consolidation Act also permits the State to establish debt service reserve funds as reserves for obligations issued under that Act. Such reserve funds should be funded to the maximum amount allowed by Federal or statutory law. Should those reserve funds ever fall below their required levels, an appropriation may be sought from the Legislature to cover the deficit. The Legislature may, but is not required to, make such an appropriation. Bonds issued with these types of reserve funds supported by the State are referred to herein as "State Reserve Fund Moral Obligation Bonds."

As of June 30, 2002, the Utah Housing Corporation, the State Board of Regents, and the Utah State Building Ownership Authority have never failed to pay when due the principal of and interest on any State Reserve Fund Moral Obligation Bonds. The reserve funds for the various State Reserve Fund Moral Obligation Bonds have never been below their respective debt service reserve fund requirements. Therefore, to date no appropriation has ever been requested from the Legislature.

State Of Utah**Revenue Bonds**

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2002
Utah Housing Corporation:			
Single Family Mortgages			
1986 Series A (2)	1993–2016	\$ 91,015	\$ 152
1988 Series B (2)	1990–2019	\$ 25,000	125
1990 Series A (2)	1999–2022	\$ 25,000	215
1990 Series C (2)	1993–2022	\$ 38,215	100
1990 Series D (2)	1993–2022	\$ 15,000	75
1990 Series E (2)	1993–2022	\$ 40,000	510
1991 Series A (2)	1993–2023	\$ 25,000	100
1991 Series B (2)	1993–2023	\$ 25,000	70
1991 Series C (2)	1994–2023	\$ 25,000	500
1991 Series D (2)	1994–2023	\$ 49,260	1,780
1991 Series E (2)	1994–2024	\$ 23,840	1,825
1992 Issue A (2)	1994–2025	\$ 23,800	2,450
1992 Issue B (2)	1995–2024	\$ 25,000	2,240
1992 Issue C (2)	1996–2024	\$ 25,000	1,590
1992 Refunding Bonds (2)	1993–2012	\$ 64,455	730
1992 Issue D (2)	1994–2025	\$ 26,005	2,260
1992 Issue E (2)	1995–2025	\$ 26,000	5,450
1992 Issue F (2)	1995–2025	\$ 26,000	6,325
1993 Issue A (2)	1994–2025	\$ 27,855	120
1993 Issue B (2)	1995–2025	\$ 25,000	7,025
1994 Issue A (2)	1996–2026	\$ 25,000	8,330
1994 Issue B (2)	1996–2026	\$ 25,000	6,550
1994 Issue C (2)	1996–2027	\$ 25,000	5,540
1994 Issue D (1)	1996–2027	\$ 25,000	3,320
1994 Issue E (1)	1996–2027	\$ 25,000	3,470
1994 Issue F (1)	1996–2027	\$ 25,000	2,440
1994 Issue G (1)	1997–2027	\$ 25,000	990
1995 Issue A (1)	1997–2027	\$ 25,000	2,120
1995 Issue B (1)	1998–2012	\$ 25,000	4,525
1995 Issue C (1)	1997–2027	\$ 25,000	6,135
1995 Issue D (1)	1997–2022	\$ 25,000	5,010
1995 Issue E (1)	1997–2028	\$ 25,000	7,455
1995 Issue F (1)	1997–2028	\$ 25,000	6,680
1995 Issue G (1)	1997–2027	\$ 25,000	8,065
1995 Issue H (1)	1997–2027	\$ 25,000	7,155
1995 Issue I (1)	1997–2027	\$ 25,000	10,070
1996 Series (1)	1997–2009	\$ 32,440	4,330
1996 Issue A (1)	1998–2028	\$ 25,000	9,720
1996 Series R (1)	1997–2016	\$ 62,400	18,175
1996 Series B (1)	2006–2027	\$ 25,000	10,285
1996 Series C (1)	2006–2028	\$ 25,000	8,265
1996 Series D (1)	2006–2028	\$ 25,000	11,025
1996 Series E (1)	1998–2027	\$ 25,000	12,605
1997 Series A (1)	1998–2027	\$ 25,000	12,970
1997 Series B (1)	1999–2028	\$ 25,000	13,255
1997 Series C (1)	1999–2028	\$ 25,000	13,850
1997 Series D (1)	1999–2029	\$ 25,000	15,100
1997 Series E (1)	1999–2029	\$ 25,000	17,155
1997 Series F (1)	1999–2029	\$ 25,000	15,865
1997 Series G (1)	1999–2029	\$ 25,000	15,675
1998 Series A (1)	2000–2029	\$ 25,000	17,610
1998 Series B (1)	2000–2029	\$ 25,000	19,035

Continues

(1) Not classified as a State Reserve Fund Moral Obligation Bond.

(2) Classified as a State Reserve Fund Moral Obligation Bond.

continued

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2002
1998 Series C (1).....	2000–2029	\$ 25,000	\$ 18,950
1998 Series D (1).....	2000–2030	\$ 25,000	18,920
1998 Issue E (1).....	2005–2030	\$ 25,000	19,610
1998 Issue F (1).....	2000–2030	\$ 25,000	21,130
1998 Series G (1).....	2000–2030	\$ 30,000	25,885
1999 Series A (1).....	2000–2030	\$ 30,000	26,130
1999 Series B (1).....	2001–2030	\$ 27,500	24,350
1999 Series C (1).....	2001–2031	\$ 30,000	26,200
1999 Series D (1).....	2002–2031	\$ 30,000	26,970
1999 Series E (1).....	2001–2031	\$ 30,000	26,540
1999 Series F (1).....	2001–2031	\$ 30,000	26,660
2000 Series A (1).....	2002–2031	\$ 25,000	20,760
2000 Series B (1).....	2010–2031	\$ 25,000	22,175
2000 Series C (1).....	2014–2031	\$ 25,000	23,920
2000 Series D (1).....	2010–2031	\$ 25,000	22,700
2000 Series E (1).....	2010–2032	\$ 25,000	23,365
2000 Series F (1).....	2002–2031	\$ 25,000	24,455
2000 Series G (1).....	2003–2032	\$ 25,000	25,000
2000 Series 3 (1).....	2033	\$ 2,325	1,890
2001 Series A (1).....	2003–2032	\$ 25,000	25,000
2001 Series B (1).....	2016–2032	\$ 25,000	25,000
2001 Series 1 (1).....	2012	\$ 1,935	1,935
2001 Series C (1).....	2017–2033	\$ 25,000	25,000
2001 Series D (1).....	2018–2033	\$ 25,000	25,000
2001 Series E (1).....	2018–2033	\$ 25,000	25,000
2001 Series F (1).....	2018–2033	\$ 25,000	25,000
2001 Series 3 (1).....	2016	\$ 2,065	2,065
2002 Series A (1).....	2018–2033	\$ 28,515	28,515
2002 Series B (1).....	2018–2033	\$ 25,000	25,000
2002 Series C (1).....	2010–2033	\$ 28,055	28,055
2002 Series 1 (1).....	2016	\$ 2,405	2,405
2002 Series 2 (1).....	2033	\$ 29,560	29,560
Subtotal – Single Family Mortgages			<u>1,029,562</u>
Multi-Family Mortgages			
1985 Series B (1).....	2007	\$ 6,500	385
1992 Issue A (2).....	2024	\$ 22,130	12,650
1993 Issue A (2).....	2024	\$ 1,350	305
1994 Issue A (1).....	1994–2019	\$ 3,710	3,150
1995 Issue Cottonwood Project (1).....	1996–2025	\$ 7,400	6,785
1995 Issue A & B (1).....	2003–2036	\$ 4,695	4,520
1996 Issue A, B & C (1).....	2028	\$ 4,540	4,324
1996 Series A (1).....	1997–2022	\$ 10,320	9,160
1997 Series A & B (1).....	2002–2027	\$ 9,320	9,085
1998 Series Heather Estates Project (1).....	2000–2029	\$ 9,800	8,000
1998 Series A, B & C Hartland (1).....	2012–2028	\$ 10,710	10,229
1998 Aspen Villas Project (1).....	1999–2028	\$ 6,360	5,990
1998 Series B (1).....	1999–2016	\$ 10,434	10,362
1999 Series A & B (1).....	2010–2037	\$ 13,795	13,710
1999 Country Oaks (1).....	2011–2041	\$ 3,195	3,185
1999 Series A & B Bay Harbour (1).....	2031	\$ 3,600	3,579
1999 Series A, B & C Todd Hollow (1).....	2033	\$ 12,195	12,195
2000 Series A & B The Riverview (1).....	2012–2030	\$ 6,150	6,060

Continues

(1) Not classified as a State Reserve Fund Moral Obligation Bond.

(2) Classified as a State Reserve Fund Moral Obligation Bond.

State Of Utah**Revenue Bonds****continued**

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2002
2000 Series A Holiday Village (1)	2032	\$ 4,030	\$ 4,013
2000 Series A Shaleh Meadows (1)	2010–2033	\$ 6,600	6,600
2000 Series Tooele Gateway (1)	2033	\$ 3,263	3,263
2001 Issue Candlestick (1)	2036	\$ 6,400	6,400
2001 Series Kings Row (1)	2016–2033	\$ 7,500	7,500
2001 Series Diamond Fork (1)	2022	\$ 3,525	3,525
2001 Series Rose Cove (1)	2022	\$ 6,705	6,705
2001 Series Mill Creek II Project	2019	\$ 1,850	1,850
2001 Series A Haven Point Project	2026–2043	\$ 11,100	11,100
2001 Series A Holly Stonehedge I Village Square II	2018–2037	\$ 6,895	6,895
2002 Series A The Bluffs Apartment Project	2018–2044	\$ 11,700	11,700
2002 Series A Bountiful Retreat Project	2007–2043	\$ 4,635	4,635
Subtotal – Multi-Family Mortgages			197,860
Total Utah Housing Corporation Bonds			<u>\$ 1,227,422</u>
Board of Regents/Student Loan Bonds:			
1988 Series C (2)	2013	\$ 25,000	\$ 25,000
1992 Series H (2)	2015	\$ 37,485	32,595
1993 Series A (2)	2023	\$ 35,000	35,000
1993 Series B (2)	2002–2013	\$ 42,400	39,750
1993 Series C (2)	2005	\$ 17,170	3,265
1993 Series D (2)	2018	\$ 3,600	3,600
1994 Series J (2)	2006	\$ 3,250	3,250
1994 Series K (2)	2024	\$ 20,500	20,500
1995 Series L (2)	2025	\$ 79,500	79,500
1995 Series N (2)	2008	\$ 8,450	8,450
1996 Series P (2)	2008	\$ 9,300	9,300
1996 Series Q (2)	2031	\$ 49,700	49,700
1997 Series R (2)	2031	\$ 51,355	51,355
1997 Series E (2)	2027	\$ 80,000	80,000
1997 Series F (2)	2008	\$ 10,900	10,900
1998 Series G (2)	2033	\$ 49,500	49,500
1998 Series H (2)	2006	\$ 15,075	5,000
1998 Series I (2)	2008	\$ 5,300	5,300
1998 Series J (2)	2033	\$ 40,000	40,000
1999 Series K (2)	2033	\$ 29,500	29,500
1999 Series L (2)	2033	\$ 40,000	40,000
1999 Series M (2)	2033	\$ 20,000	20,000
1999 Series N (2)	2008	\$ 23,000	23,000
1999 Series O (2)	2038	\$ 102,000	102,000
2000 Series S (2)	2008	\$ 44,000	44,000
2000 Series T (2)	2035	\$ 49,500	49,500
2000 Series U (2)	2039	\$ 35,000	35,000
2001 Series P (2)	2035	\$ 45,000	45,000
2001 Series Q (2)	2035	\$ 10,000	10,000
2001 Series R (2)	2040	\$ 75,000	75,000
2001 Series S (2)	2041	\$ 100,100	100,100
2001 Series T (2)	2036	\$ 12,350	12,350
2001 Series U (2)	2009–2010	\$ 7,565	7,565
2002 Series V (2)	2036	\$ 65,000	65,000
2002 Series W (2)	2036	\$ 9,250	9,250
2002 Series Office Facility Project (2)	2022	\$ 8,152	8,152
Total Board of Regents/Student Loan Bonds			<u>\$ 1,227,382</u>

Continues

(1) Not classified as a State Reserve Fund Moral Obligation Bond.

(2) Classified as a State Reserve Fund Moral Obligation Bond.

continued

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2002
Utah State Building Ownership Authority and Water Loan Programs:			
1992 A Revolving Loan Recapitalization Program (2).....	1993–2004	\$ 5,065	\$ 1,115
1992 A Utah State Building Ownership Authority Refunding (2).....	1993–2011	\$ 26,200	17,095
1992 B Utah State Building Ownership Authority (2)	1994–2011	\$ 1,380	930
1993 A Utah State Building Ownership Authority (2)	1995–2013	\$ 6,230	4,265
1993 B Utah State Building Ownership Authority (2)	1995–2014	\$ 8,160	5,790
1994 A Utah State Building Ownership Authority (1)	1995–2018	\$ 30,915	5,410
1995 A Utah State Building Ownership Authority (1)	1996–2018	\$ 93,000	18,885
1995 Water Refunding Recapitalization Program (2).....	1996–2005	\$ 8,430	3,020
1996 A Utah State Building Ownership Authority (1)	1997–2019	\$ 44,725	9,085
1996 B Utah State Building Ownership Authority (1)	1999–2013	\$ 16,875	13,495
1997 A Utah State Building Ownership Authority (1)	1999–2018	\$ 4,150	3,665
1998 A Utah State Building Ownership Authority (1)	1999–2020	\$ 25,710	18,935
1998 B Utah State Building Ownership Authority – Capital Appreciation (1).....	2005	\$ 23,091	27,676
1998 C Utah State Building Ownership Authority (1)	2000–2019	\$ 105,100	104,960
1999 A Utah State Building Ownership Authority (1)	2001–2021	\$ 9,455	9,135
2001 A Utah State Building Ownership Authority (1)	2005–2021	\$ 69,850	69,850
2001 B Utah State Building Ownership Authority (1)	2002–2024	\$ 25,780	25,760
2001 C Utah State Building Ownership Authority (1)	2005–2021	\$ 30,300	30,300
Total Utah State Building Ownership Authority and Water Loan Programs			<u>\$ 369,371</u>
Colleges and Universities:			
University of Utah (1).....	2003–2029	\$ 307,640	\$ 249,371
Utah State University (1)	2003–2021	\$ 52,020	25,905
Weber State University (1)	2007–2031	\$ 20,995	18,360
Southern Utah University (1)	2007–2016	\$ 15,900	7,755
Utah Valley State College (1).....	2012–2020	\$ 19,565	18,914
Dixie State College of Utah (1)	2010–2023	\$ 10,790	9,455
College of Eastern Utah (1).....	2022	\$ 1,250	1,105
Salt Lake Community College (1)	2005–2012	\$ 23,205	16,320
Total Colleges and Universities			<u>\$ 347,185</u>

(1) Not classified as a State Reserve Fund Moral Obligation Bond.

(2) Classified as a State Reserve Fund Moral Obligation Bond.

Population

On April 1, 2000, the U.S. Census Bureau conducted the 22nd decennial census. The decennial census is the only national survey providing consistent, uniform measures and data for every geographic area in the nation. The results capture a picture in time of the population of Utah; who we are, how we've changed, and the direction we are heading—demographically, socially, and economically. Utah's April 1, 2000, population reached 2,233,169. This represents a population increase of 510,319 persons, or 29.6 percent from 1990, ranking Utah fourth among states in the rate of population growth from 1990 to 2000. Utah's population grew more than twice as fast as the U.S. (13.2 percent) during this ten year period.

Utah continues to have the youngest population in the nation. However, the median age increased over the decade from 26.3 years in 1990 to 27.1 years in 2000. Utahns under age 18 accounted for 32.2 percent of the total population in 2000, while those 65 years and over accounted for only 8.5 percent of the population. Males in Utah accounted for 50.1 percent of the population in 2000, compared to 49.7 percent in 1990, while females accounted for 49.9 percent of the population in 2000, down from 50.3 percent in 1990. Utah has the largest households in the nation with average household size of 3.13 compared with 2.59 for the U.S. The size of families in Utah is also the largest in the nation at 3.57 compared with the U.S. average of 3.14.

Salt Lake County continues to be the State's largest county with a population of 918,279 in 2001, followed by Utah County (385,692), Davis (244,845), and Weber (200,567). Three out of every four people in the State live in the northern metropolitan area, including Weber, Davis, Salt Lake, and Utah Counties, where 1,749,383 residents, or 76 percent of the State's population reside.

Year	Population
1970	1,066,000
1980	1,474,000
1990	1,729,000
1991	1,781,000
1992	1,838,000
1993	1,889,000
1994	1,947,000
1995	1,995,000
1996	2,043,000
1997	2,099,000
1998	2,142,000
1999	2,193,000
2000	2,247,000
2001	2,296,000
2002	2,330,000

Source: Utah Population Estimates Committee at July 1 each year.

Taxable Retail Sales and Personal Income

The following table shows the gross taxable retail sales, total personal income, and per capita income in Utah for the last ten years.

Year Ended December 31	Gross Taxable Retail Sales (A) (in millions)	Total Personal Income (B) (in millions)	Per Capita Personal Income (B)	Per Capita Percent of Change From Previous Year
1992	\$ 17,313	\$ 29,788	\$ 16,234	4.0%
1993	\$ 19,341	\$ 31,950	\$ 16,844	3.8%
1994	\$ 21,527	\$ 34,579	\$ 17,651	4.8%
1995	\$ 23,609	\$ 37,278	\$ 18,514	4.9%
1996	\$ 25,844	\$ 40,354	\$ 19,519	5.4%
1997	\$ 26,829	\$ 43,696	\$ 20,618	5.6%
1998	\$ 28,645	\$ 46,781	\$ 21,624	4.9%
1999	\$ 29,999	\$ 49,172	\$ 22,335	3.3%
2000	\$ 31,645	\$ 52,473	\$ 23,476	5.1%
2001	\$ 32,402	\$ 54,884	\$ 24,180	3.0%

(A) Source: Utah State Tax Commission based on sales and use tax reports.

(B) Source: Utah Department of Workforce Services.

State Of Utah**Personal Income by Sector**

For the Last Five Calendar Years

(Expressed in Millions)

						Percent Change	
	1997	1998	1999	2000	2001	1999 to 2000	2000 to 2001
Government Sector:							
Federal Civilian	\$ 1,661	\$ 1,700	\$ 1,782	\$ 1,963	\$ 2,068	10.2%	5.3%
Federal Military	377	377	392	421	455	7.3	8.1
State and Local	4,177	4,514	4,738	5,023	5,403	6.0	7.6
Total Government.....	6,215	6,591	6,912	7,407	7,926	7.2	7.0
Private Sector:							
Manufacturing	4,717	4,877	5,004	5,216	5,263	4.3	0.9
Mining	437	433	421	456	478	8.3	4.8
Construction	2,512	2,806	3,084	3,211	3,227	4.1	0.5
Wholesale Trade	1,851	2,061	2,186	2,355	2,324	7.7	(1.3)
Retail Trade	3,503	3,644	3,894	3,952	4,087	1.5	3.4
Finance	2,507	2,769	2,938	3,135	3,355	6.7	7.0
Transportation, Utilities, and Communications	2,481	2,622	2,778	2,987	3,063	7.5	2.5
Services	8,934	9,780	10,663	11,794	12,209	10.6	3.5
Farm Income.....	185	224	230	200	298	(13.0)	49.0
Total Private	27,127	29,216	31,198	33,306	34,304	6.8	3.0
(Less) Social Insurance Contribution	(1,938)	(2,040)	(2,173)	(2,292)	(2,406)	5.5	5.0
Plus (Less) Residence Adjustment	18	23	23	24	26	4.3	8.3
Plus Dividends, Interest, and Rent.....	7,579	8,133	8,158	8,700	9,189	6.6	5.6
Plus Transfer Payments	4,695	4,858	5,054	5,329	5,845	5.5	9.7
Total Personal Income.....	\$ 43,696	\$ 46,781	\$ 49,172	\$ 52,474	\$ 54,884	6.7%	4.6%

Source: Utah Department of Workforce Services

State Of Utah

Composition of Labor Force

Annual Average — For the Last Five Calendar Years

	1997	1998	1999	2000	2001
Nonagricultural Jobs:					
Government:					
Federal.....	31,296	30,849	31,162	32,752	33,898
State – Education	28,769	29,873	29,916	30,702	31,361
State – Non-Education	24,587	25,446	25,954	26,770	27,532
Local – Education	54,685	55,789	56,220	57,347	58,766
Local – Non-Education	32,499	33,690	35,301	36,973	38,562
Total Government	171,836	175,647	178,553	184,544	190,119
Mining	8,297	8,047	7,762	8,030	7,791
Construction.....	64,470	68,252	72,214	71,475	70,734
Manufacturing.....	132,853	133,405	132,203	130,840	126,573
Transportation, Communications, and Utilities.....	55,994	58,443	59,411	60,843	60,631
Trade	238,294	244,045	248,212	251,625	251,201
Finance, Insurance, and Real Estate	52,577	55,265	56,637	57,327	59,971
Service and Miscellaneous.....	269,678	280,376	293,506	310,167	314,747
Total Non-Farm Jobs	993,999	1,023,480	1,048,498	1,074,851	1,081,767
Civilian Labor Force	1,040,000	1,062,700	1,083,900	1,104,200	1,115,400
Total Employed.....	1,007,700	1,022,800	1,043,400	1,068,400	1,066,700
Unemployed.....	32,300	39,900	40,500	35,800	48,700

Source: Utah Department of Workforce Services

Average Annual Unemployment Rate

For the Last Five Calendar Years

Year	Utah (A)	U.S. (B)
1998	3.8%	4.5%
1999	3.7%	4.2%
2000	3.2%	4.0%
2001	4.4%	4.8%
2002*	6.0%	5.7%

* 2002 figures are a forecast.

Source: (A) Utah Department of Workforce Services
(B) Employment and Earnings – Bureau of Labor Statistics

State Of Utah

Gross Taxable Retail Sales and Use Tax Purchases

For the Last Five Calendar Years

(Expressed in Thousands)

	Gross Taxable Retail Sales and Purchases					Percent Change	Percent Change
	1997	1998	1999	2000	2001	1999 to 2000	2000 to 2001
Major Industry:							
Agriculture, Forestry, and Fishing.....	\$ 25,784	\$ 22,612	\$ 26,499	\$ 32,173	\$ 35,501	21.4%	10.3%
Mining	245,303	259,042	180,267	202,157	209,935	12.1	3.8
Construction	388,522	399,802	421,476	407,857	367,675	(3.2)	(9.9)
Manufacturing	1,464,211	1,601,027	1,539,452	1,543,234	1,582,742	0.2	2.6
Transportation	102,296	122,686	140,231	149,218	142,500	6.4	(4.5)
Communications.....	868,180	1,058,492	1,191,317	1,414,682	1,612,449	18.7	14.0
Electric, Gas, and Sanitation.....	1,091,917	1,108,613	1,060,964	1,177,946	1,408,939	11.0	19.6
Wholesale Trade.....	2,857,954	3,157,047	3,278,676	3,444,614	3,250,845	5.1	(5.6)
Retail – Building and Garden	1,309,839	1,351,362	1,476,047	1,425,560	1,460,134	(3.4)	2.4
Retail – General Merchandise	2,327,856	2,462,660	2,619,315	2,797,187	3,100,162	6.8	10.8
Retail – Food Stores	3,258,413	3,381,050	3,492,673	3,640,537	3,512,588	4.2	(3.5)
Retail – Motor Vehicle Dealers, Etc..	2,774,967	2,965,019	3,175,267	3,389,595	3,569,977	6.7	5.3
Retail – Apparel and Accessories	692,786	756,543	759,845	789,358	802,407	3.9	1.7
Retail – Furniture and Home Furnishings	1,307,089	1,335,021	1,350,922	1,371,176	1,311,582	1.5	(4.3)
Retail – Eating and Drinking Places..	1,553,635	1,676,822	1,814,710	1,906,402	1,946,161	5.1	2.1
Retail – Miscellaneous	1,648,793	1,728,157	1,804,517	1,958,130	2,006,055	8.5	2.4
Finance, Insurance, and Real Estate ..	339,793	423,481	449,726	469,097	427,410	4.3	(8.9)
Services	3,383,895	3,698,830	3,900,743	4,276,454	4,274,447	9.6	(0.1)
Public Administration.....	75,837	59,288	67,973	66,505	66,694	(2.2)	0.3
Private Motor Vehicle Sales	513,785	538,853	509,906	605,250	613,687	18.7	1.4
Occasional Retail Sales	70,582	64,033	61,256	71,489	110,535	16.7	54.6
Nondisclosable	1,497	7,015	22,849	31,164	36,433	36.4	16.9
Prior Period Payments, Refunds	525,769	467,854	653,910	475,228	553,275	(27.3)	16.4
Total	<u>\$26,828,703</u>	<u>\$28,645,309</u>	<u>\$29,998,541</u>	<u>\$31,645,013</u>	<u>\$32,402,133</u>	5.5%	2.4%

Source: Utah State Tax Commission

Bank Deposits

For the Last Ten Fiscal Years

(Expressed in Thousands)

Year Ended June 30	Bank Deposits
1992.....	\$ 13,957,929
1993.....	\$ 14,287,707
1994.....	\$ 15,460,358
1995.....	\$ 16,683,077
1996.....	\$ 18,315,221
1997.....	\$ 20,661,006
1998.....	\$ 21,522,240
1999.....	\$ 24,059,517
2000.....	\$ 43,296,445
2001.....	\$ 87,155,101 *

* Significant changes in certain banking operations resulted in a substantial increase in deposits in 2000 and 2001.
Source: 2001/Sheshunoff Information Services, Inc.

State Of Utah

Largest Employers

As of December 2001

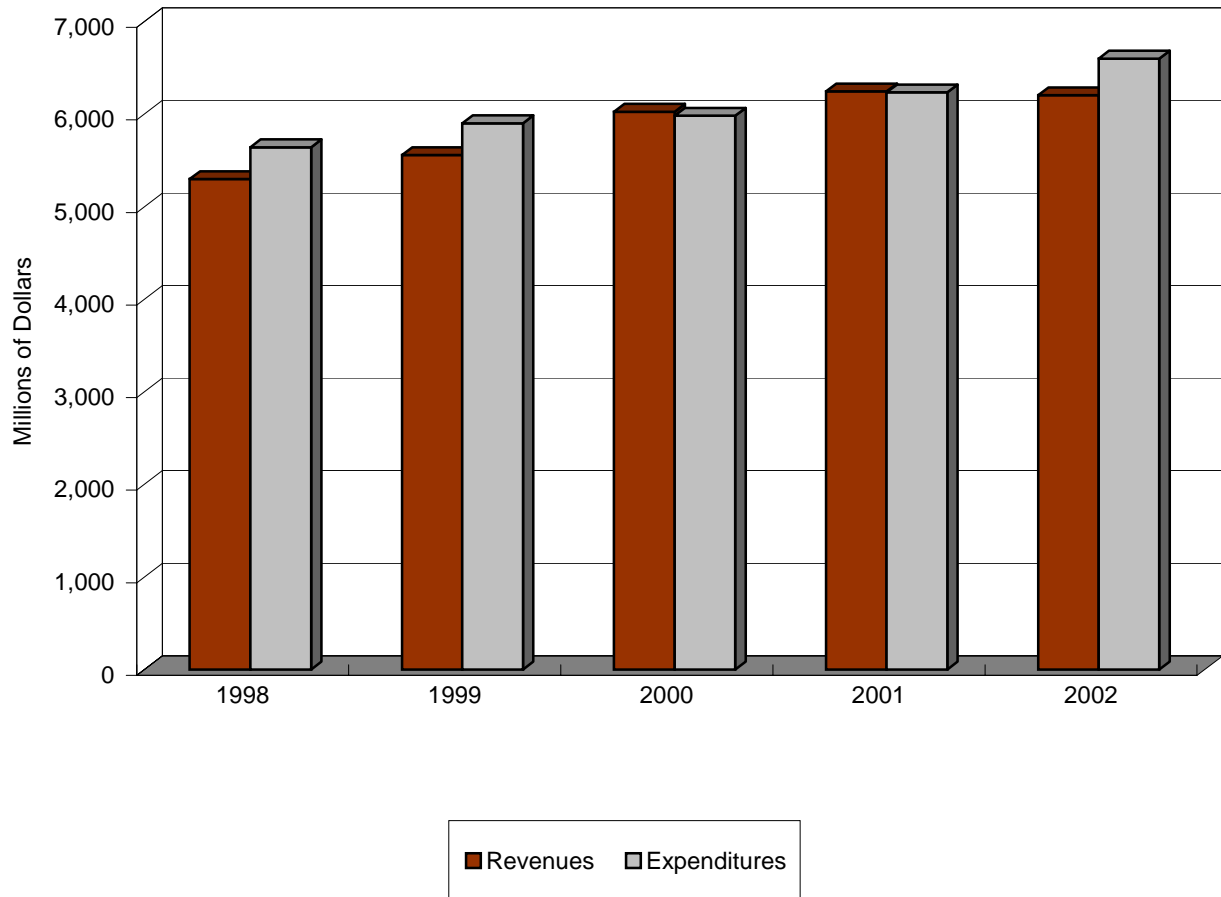
Entity Name	Industry	Number of Employees (A)
State of Utah	State Government	22,500
Intermountain Health Care (IHC)	Hospitals and Clinics	22,000
University of Utah (Includes Hospital)	Higher Education.....	18,000
Brigham Young University	Higher Education.....	18,000
Hill Air Force Base	Military Installation	11,500
Jordan School District.....	Public Education	9,000
Wal-Mart Stores.....	Department Stores	9,000
Granite School District.....	Public Education	8,000
Convergys	Telemarketing	8,000
Davis County School District.....	Public Education	6,500
Utah State University	Higher Education.....	6,000
Salt Lake County.....	Local Government.....	6,000
Smith's Food King.....	Grocery Stores.....	5,500
U.S. Postal Service.....	Mail Distribution.....	5,500
Alpine School District.....	Public Education	5,500
Novus (Discover Card)	Consumer Loans.....	5,500
Internal Revenue Service	Federal Government	5,000
Albertsons	Grocery Stores.....	5,000
Delta Airlines	Air Transportation	4,500
Autoliv ASP (Morton Int'l.).....	Automotive Components Manufacturing	4,500
Salt Lake School District	Public Education	4,000
Weber County School District	Public Education	3,500
United Parcel Service.....	Courier Service.....	3,500
Icon Health & Fitness	Exercise Equipment Manufacturing	3,500
Zions First National Bank	Banking	3,500
ATK Thiokol Propulsion	Aerospace Equipment Manufacturing	3,000
Salt Lake City Corporation	Local Government.....	3,000
Qwest Communications	Telephone Service/Communications	3,000
Weber State University	Higher Education.....	3,000
Salt Lake Community College	Higher Education.....	3,000
K-Mart Corporation	Department Stores	2,500
Nebo School District.....	Public Education	2,500
Dick Simon Trucking.....	Trucking	2,500
Provo City School District	Public Education	2,500
Utah Valley State College.....	Higher Education.....	2,500
Novell.....	Computer Software.....	2,500

(A) All numbers are rounded.

Source: Utah Department of Workforce Services, Workforce Information

Revenues and Expenditures All Governmental Fund Types

For the Last Five Fiscal Years



Revenues and Expenditures

	<i>(Dollars Expressed in Millions)</i>				
	1998	1999	2000	2001 (A)	2002 (B)
Revenues and Liquor Control Profit Transfer	\$ 5,299	\$ 5,559	\$ 6,023	\$ 6,243	\$ 6,202
Percent Change Over Previous Year	9.9%	4.9%	8.3%	3.7%	n/a
Expenditures	\$ 5,641	\$ 5,900	\$ 5,980	\$ 6,234	\$ 6,598
Percent Change Over Previous Year	11.8%	4.6%	1.4%	4.2%	n/a

(A) Prior to fiscal year 2002, revenues and expenditures of "All Governmental Fund Types" include: The General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(B) Beginning in fiscal year 2002, this summary includes revenues and expenditures of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). The comparability of 2002 revenue and expenditure amounts to the 2001 and prior amounts is affected.

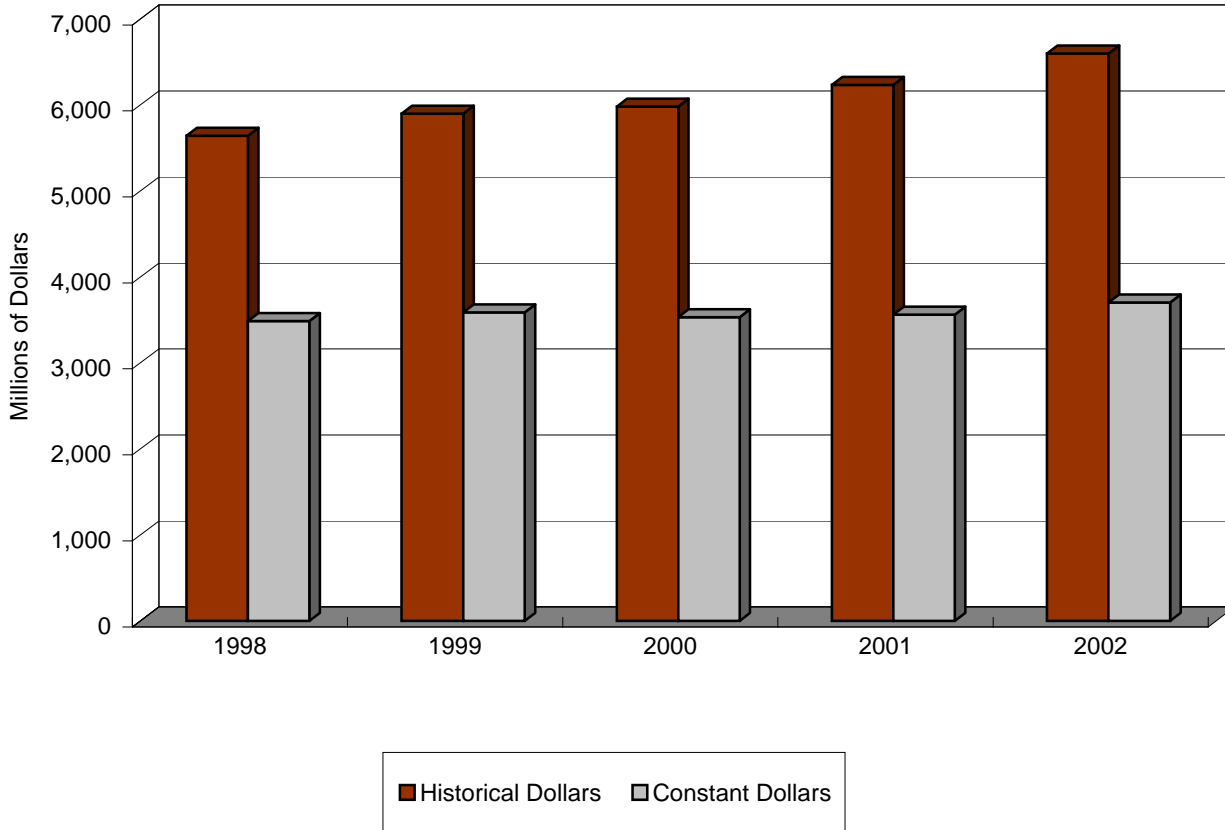
State Of Utah

Expenditures

Historical and Constant Dollars

All Governmental Fund Types

For the Last Five Fiscal Years



Expenditures

	1998	1999	(Dollars Expressed in Millions)		
			2000	2001 (B)	2002 (C)
Historical Dollars	\$ 5,641	\$ 5,900	\$ 5,980	\$ 6,234	\$ 6,598
Percent Change Over Previous Year	11.8%	4.6%	1.4%	4.2%	n/a
Constant Dollars (A)	\$ 3,488	\$ 3,586	\$ 3,532	\$ 3,560	\$ 3,703
Percent Change Over Previous Year	9.9%	2.8%	(1.5)%	0.8%	n/a

(A) Note: Expenditures expressed in constant dollars were derived by using the consumer price index for all urban consumers.
Base Year 1982–1984 = 100

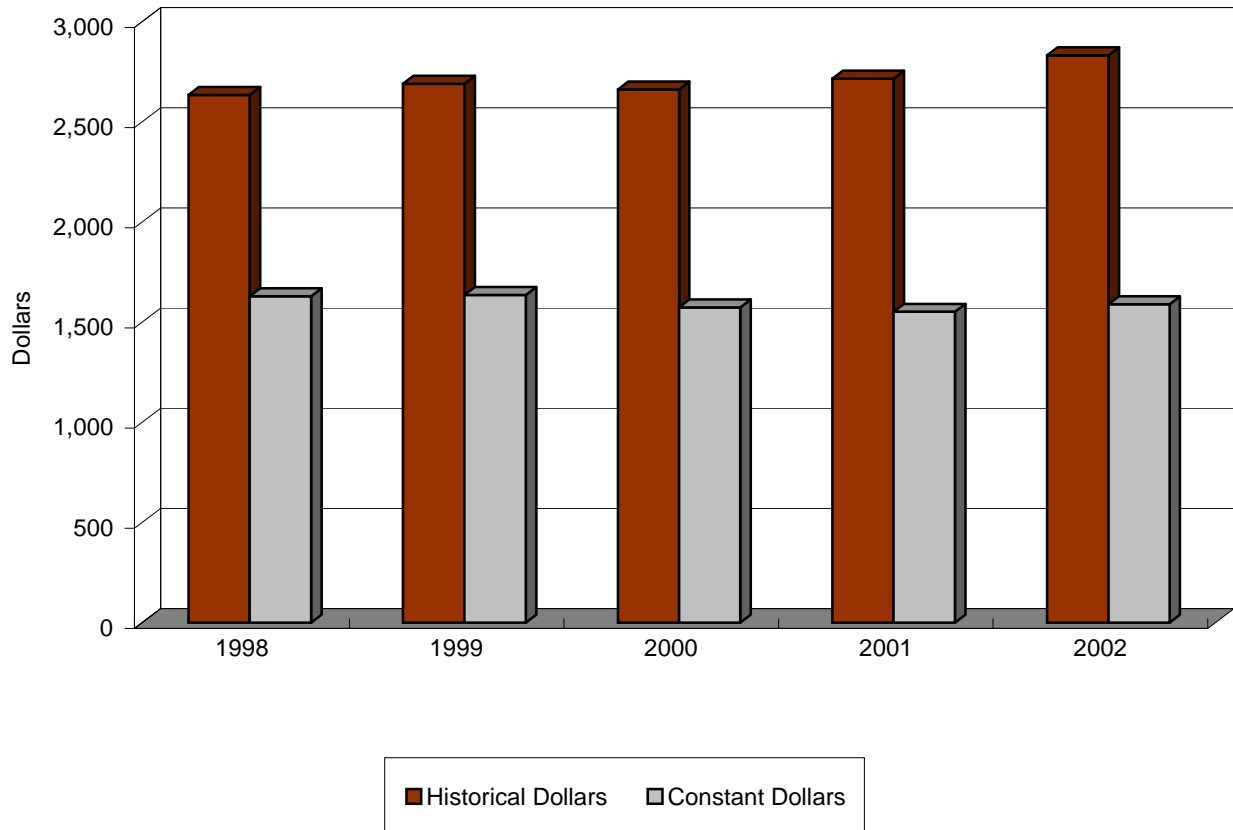
(B) Prior to fiscal year 2002, expenditures of “All Governmental Fund Types” include: The General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(C) Beginning in fiscal year 2002, this summary includes expenditures of the State’s major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). The comparability of 2002 expenditure amounts to the 2001 and prior amounts is affected.

State Of Utah

Per Capita Expenditures Historical and Constant Dollars All Governmental Fund Types

For the Last Five Fiscal Years



Per Capita Expenditures

	1998	1999	2000	2001 (B)	2002 (C)
Historical Dollars	\$ 2,634	\$ 2,690	\$ 2,661	\$ 2,715	\$ 2,832
Percent Change Over Previous Year	9.6%	2.1%	(1.1)%	2.0%	n/a
Constant Dollars (A).....	\$ 1,629	\$ 1,635	\$ 1,572	\$ 1,551	\$ 1,589
Percent Change Over Previous Year	7.7%	0.4%	(3.9)%	(1.3)%	n/a

(A) Note: Expenditures expressed in constant dollars were derived by using the consumer price index for all urban consumers.
Base Year 1982–1984 = 100

(B) Prior to fiscal year 2002, expenditures of “All Governmental Fund Types” include: The General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(C) Beginning in fiscal year 2002, this summary includes expenditures of the State’s major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). The comparability of 2002 expenditure amounts to the 2001 and prior amounts is affected.

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